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WORLD NEWS

Concessions
for students
on planned
council tax

Hundreds of thousands of students in Britain will be exempt from the proposed council tax under a new concession announced by Mr Michael Heseltine, environment secretary, as he launched the council tax bill.

The government now plans to exempt student hostels, halls of residence and other properties with entirely student households. Page 22; Details, Page 3

Serbia nears agreement

Serbian president Slobodan Milosevic appeared near to accepting the revised European Community peace plan to transform Yugoslavia into a loose association of six independent republics. Page 3

Mexico reforms

President Carlos Salinas de Gortari proposed reforms that would end Mexico's 130-year-old split with the Roman Catholic church. Page 2

New date for talks

The date for talks between prime minister John Major and German chancellor Helmut Kohl, postponed after Mr Kohl's son Peter was injured in a car accident, has been reset for November 10. Bonn doubts, Page 2

TSW seeks review

Television South West, the ITV company which lost its franchise in last month's competitive tenders, said it planned to seek a judicial review of the decision. Page 22

No reprieve

Defence secretary Tom King slapped down hints from Cabinet colleagues that there could be a reprieve for the Gordon Highlanders and the Queen's Own Highlanders, due to merge under armed forces cuts. Page 3

On the ball

England rugby captain Will Carling will lead his team out against the Australians at Twickenham today in the final of the Rugby World Cup. Picture Page 22
Sweet profits Page 4
Weekend Page 10

Crime squad proposal

The West Midlands police force is considering setting up another serious crimes squad which could employ former members of the previous disbanded squad. Page 4

Record damages award

A new record for road casualties was established in the High Court when Judith Braybrooke of Torquay was awarded a structured damages settlement of £24 million, outstripping the previous highest of £14.8 million.

Asylum bill

The government unveiled its controversial plans to tighten the UK's rules on asylum in a bill aimed at reducing the period in which applications for refugee status are processed from two years to four months. Page 3

MARKETS

STERLING

New York lunchtime: \$1.7575
London: \$1.7495 (1.7425)
DM2.965 (2.905)
FF9.9275 (9.3375)
SF12.555 (12.5525)
¥227.75 (227.5)
2 index 90.8 (same)

GOLD

New York Comex Dec \$356.9 (355.5)
London: \$357.8 (same)

N SEA OIL (Argus)

Brant 15-day Dec \$22.375 (21.975)

Chief price

yield: 7.866%

DOLLAR

New York lunchtime: DM1.8515
London: FF9.9275 (9.3375)
SF12.555 (12.5525)
¥227.75 (227.5)
2 index 90.8 (same)

STOCK INDICES

FT-SE 100: 2,549.5 (-16.5)
FT-SE Eurotrack 100: 1,006.45 (-4.77)
FT-A All-Share: 1,232.34 (-0.5%)

New York lunchtime:

DJ Ind. Av. 3,073.79 (+4.68)
S&P Comp 393.47 (+1.01)
Tokyo: Nikkei 25,044.24 (-178.04)

LONDON MONEY

3-month interbank: 10.1% (same)
Life long gilt future: 94.2 (95.4)

BUSINESS SUMMARY

US jobless
rate raises
fears about
recovery

Fears that the US economic recovery is stalling were heightened yesterday by the first rise in the unemployment rate since June and a fall in the index of leading economic indicators.

The figures, rounding off a week of gloomy economic statistics, prompted fresh calls in financial markets for a more decisive easing of monetary policy by the Federal Reserve. Page 2; Currencies, Page 13; World stock markets, Page 19; Lex, Page 22

JAPAN posted a record

monthly trade surplus in September of \$10.9bn (\$8.3bn), 41 per cent higher than a year ago. Page 22

LONDON equities: At the

close, the FT-SE index was 16.5 down with dealers wary of the loss of the 2,550 mark. This week, the first leg of the two-week equity account, has seen the market recover less than half of the loss of the previous week. Sentiment has been swayed by views on whether or not the domestic economy is beginning to recover from the recession. The speech in the City on Thursday evening by Norman Lamont, the UK chancellor of the exchequer, did little yesterday to bolster the London stock market's hopes for early economic revival. London stocks, Page 13

NATIONAL Homes: Losses

perhaps as great as \$50m have been forecast for the annual results of National Home Loans, one of the stars of the 1980s housing boom. Page 8

CBS, US media group, after

a delay of nearly a month in reporting third-quarter results, turned in a loss of \$163.1m (\$98m) or \$11.11 a share from continuing operations. This reflects an additional after-tax provision of \$18.5m for further losses from baseball and football coverage. Page 10

LLOYDS BOWMAKER is to

shut down the branch network of the dealer finance division, which sells loans for car purchase, with the loss of 350 jobs between now and next spring. Page 4

HYUNDAI Group, South Korean

conglomerate, its founder Chung Ju Yung and eight members of his family must pay taxes and penalties totalling won 136bn (100m) for the evasion of inheritance and capital gains taxes and illegal share transactions. Page 3

MITSUBISHI Motors, Japanese

car maker, reported a 3.9 per cent dip in non-consolidated interim pre-tax profits to ¥25.1bn (£12m). Page 10

MACARTHY, retailer and

drugs manufacturer, has escaped being taken over. Gramplan Holdings, Scottish multi-conglomerate, said its £30m all-share offer had been accepted by only 10.9 per cent of Macartney's ordinary shareholders by the final close. Page 8

GEC-Marconi has bought the

missile business of rival Perant for £38 million. The business, which has 275 staff, specialises in the design and supply of precision guided missiles and has an order book worth in the region of £200 million.

DELTA Air Lines launched

its biggest international expansion in its 62-year history with the doubling of its transatlantic flights and the opening of its new international hubs at New York and Frankfurt. Page 10

European group excludes UK airline from studies on new jumbo

BA-Airbus relations worsen

By Paul Betts in London and Andrew Hill in Brussels

AIRBUS INDUSTRIE has decided to exclude British Airways from its current studies to develop a new 600-800 seater jumbo airliner as relations between the European aircraft manufacturer and the UK carrier have plummeted to an all-time low.

The European aircraft manufacturing consortium, in which British Aerospace has a 30 per cent stake, has also banned its staff from using BA flights.

It also emerged yesterday that Airbus had further snubbed BA by not inviting the airline's top management to the lavish festivities in Toulouse last month celebrating the roll-out of its new A340 long-range aircraft.

So bad are relations between

the two companies that Mr Jean Pierson, the Airbus chairman, and other senior Airbus executives have indicated they see no point in pursuing contacts with BA's current top management led by Lord King, the chairman, and Sir Colin Marshall, the deputy chairman and chief executive.

Personal relations between Mr Pierson and Lord King have also been soured because of BA's decision in August to choose the rival US Boeing 777 widebody aircraft rather than the A340 in a new \$5bn aircraft order.

Mr Pierson feels that Airbus has been used by BA as a "stalking horse" in the airline's negotiations for new aircraft with Boeing. It believes it

has little chance of winning aircraft orders as long as the current BA management remains in place and continues to reject Airbus products in favour of Boeing aircraft.

Airbus has consistently lost out to Boeing in the last four BA new aircraft procurement campaigns.

Mr Pierson has written to Sir Leon Brittan, the European Commissioner in charge of competition, asking him to investigate BA's latest deal with Boeing and the airline's policy of systematically buying Boeing aircraft.

The letter is said to allege that Lord King and the US General Electric company, which won the Boeing 777 engine order against

Rolls-Royce, distorted competition by creating conditions favouring Boeing over Airbus.

Mr Pierson's letter coincides with a separate enquiry by the UK Office of Fair Trading into BA's £272m sale to GE of its engine overhaul plant at Treforest, near Cardiff. This coincided with BA's order for GE engines to power its new Boeing 777s. The GE deal was a serious blow for Rolls-Royce, BA's traditional engine supplier.

The disclosure of the details of Mr Pierson's letter to Sir Leon has further inflamed relations between BA and Airbus. BA said yesterday it had not seen Mr Pierson's letter. But it emphasised that if the Airbus allegations have been reported

correctly, especially those specifically directed against Lord King, they were "totally unfounded and wrong and would be strongly repudiated".

A senior EC official confirmed the EC directorate was looking into the Airbus complaint, but Brussels does not believe, at this stage, that the case has serious anti-competitive implications.

BA also said its aircraft and engine acquisition decisions were taken with what the airline felt were the best interests of the company and its shareholders in mind. "When we make these decisions, we deal with all manufacturers on the same basis and we consider dispassionately the technical

BT prices
likely to
be referred
to MMC
says Ofel

By Hugo Dixon and Roland Ruff

BT's prices will probably be referred to the Monopolies and Mergers Commission when they come up for review next year, a senior official of Ofel, the telecommunications watchdog, said yesterday.

This followed BT's announcement of pre-tax profits of £1.61bn for the six months to the end of September, a rise of 5.1 per cent on the same period last year.

In spite of being lower than expected, the rise in profits was condemned by opposition parties and user groups.

Mr Gordon Brown, Labour's trade and industry spokesman, urged BT to cut its prices immediately.

He said that the company's profits were "way above" those of European and US telephone operators.

An analysis published yesterday by the Financial Times showed that the British telecommunications group could cut its prices by £1bn a year and still earn profits comparable to the rest of British industry and telecommunications carriers elsewhere.

Sir Bryan Carsberg, Ofel's director general, refused to comment on the FT analysis.

Mr Iain Vallance, BT's chairman, dismissed the FT's analysis as "naïve jumbo".

He said that the company should be judged on its prices which he claimed were "generally about the same" as in North America and "roughly about the same" as in Europe.

The Association of British Insurers, which represents leading institutions, met SG Warburg yesterday morning. The bank, the government's leading financial adviser for the share sale, confirmed that it would be seeking a series of meetings with Ofel.

Continued on Page 22

Editorial Comment, Page 6

BT rises 5%, Page 8

London stocks, Page 12

Lex, Page 22

Bitter
clashes at
Mideast
talks

By Hugh Carnegie, Victor Mallet and Tony Walker in Madrid

A FIRM warning by Mr James Baker, the US secretary of state, was given yesterday to Arab and Israeli leaders not to break off talks.

The warning came after bitter exchanges between Israel and Syria threatened the progress of Middle East peace negotiations.

The ceremonial sessions of the first peace talks attended by Israel and all its Arab neighbours ended in acrimony when Mr Yitzhak Shamir, the Israeli prime minister, accused the Syrian government of being "one of the most oppressive, tyrannical regimes in the world".

Mr Farouq al-Sharaa, the

Continued on Page 22

Mideast conference, Page 4.

Man in the News, Mr James Baker, Page 6

Kaunda heads for defeat
in Zambian elections

By Patti Waldmeir in Lusaka

PRESIDENT Kenneth Kaunda of Zambia, one of Africa's foremost statesmen, was last night set to be removed from office after his country voted resoundingly to reject one-party rule and his personal version of African socialism.

With results in from half the constituencies in Zambia's first multi-party elections since 1980, Mr Kaunda was heading for a humiliating defeat. He had polled only 20 per cent of votes cast while his challenger, Mr Frederick Chiluba, a 48-year-old trade unionist, polled nearly 80 per cent.

Mr Kaunda's United National Independence Party (Unip), which has ruled Zambia since independence in 1964, fared even worse, gaining only eight seats so far in the new 150-seat parliament, against 67 for the opposition Movement for Multiparty Democracy (MMD).

If final results confirm this trend as expected, it would prove the most dramatic defeat yet for the political and economic systems which dominated post-independence Africa. The success of the poll - which was certified free, fair and peaceful by international observers - will weaken the hand of Africa's remaining one-party rulers, who argue that political pluralism inevitably leads to violence and chaos.

Zambia could be a model for other African countries seeking peaceful transition to democracy: neighbouring Angola and Mozambique are to hold multi-party polls soon.

Residents of the capital, Lusaka, began celebrating the end of Mr Kaunda's 27-year rule soon after the first results were announced early yesterday.

By evening, township streets were filled with singing, dancing crowds, chanting MMD slogans.



Point and counter-point: emphatic exchanges between James Baker and Yitzhak Shamir yesterday

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INTERNATIONAL NEWS

FINANCIAL TIMES WRITERS REPORT FROM THE MIDDLE EAST PEACE CONFERENCE IN MADRID

Ancient conflicts cast shadow over talks

By Victor Mallet

ASK anyone in the Middle East to explain an incident which happened yesterday, and as often as not your interlocutor will refer you back to the Second World War, the Crusades, or the biblical kingdoms of David and Nebuchadnezzar.

Racial memories in the region, stretching back to the birth of civilisation and the beginning of recorded time, are charged with hatred that President George Bush pleaded with Arabs and Israelis to "lay down the past" when he opened the Middle East peace conference on Wednesday. "History," Mr Bush said, "need not be man's master."

His audience ignored the advice. Speaker after speaker delivered contentious historical lectures and found time to label the historical interpreta-

tions of their opponents as "fantastic distortions", "a total forgery" or "utter lies". Mr Yitzhak Shamir, the Israeli prime minister, and Mr Farouk al-Sharara, the Syrian foreign minister, were the worst offenders. Mr Shamir went back 4,000 years and, conveniently ignoring the Palestinians for a moment, said no Jews had regarded Palestine as an unattractive land. "No-one wanted it," he said.

Mr al-Sharara declared implausibly that Syria had "never carried the banner of war and destruction", and he only came close to the grim truth about life in Syria when he announced unashamedly that Syrian Jews enjoyed "the same freedom as other Syrian citizens".

Perhaps it was a sign of the

intensity of the Arab-Israeli conflict that Mr Shamir and Mr al-Sharara were most truthful when they were at their most vituperative. Syria, Mr Shamir said yesterday, was "one of the most oppressive, tyrannical regimes in the world". Mr Shamir, retorted Mr al-Sharara, was a former terrorist himself. The conference in Madrid's royal palace was itself an historic occasion. For the first time, Israel shared a forum with all of its Arab neighbours. For three days in the Hall of Columns, each side heard at first hand the prejudices, fears and hopes of the other. It is true that there were few serious contacts between Israeli and Arabs, and no concessions made by any of the delegates, but neither contacts nor concessions were expected at this

early, ceremonial stage. Perhaps the most intriguing development of the week was the improved international image of the Palestinians and Israel's failure to push them onto the sidelines. At the insistence of Israel, the Palestine Liberation Organisation and Mr Yasser Arafat, its uncharismatic leader, were formally excluded from the conference, leaving the platform to Dr Haider Abdel-Shafi, an amiable doctor from Gaza, who headed the Palestinian team in Madrid. While making clear his loyalty to the PLO, he seemed to have made his mark with a quiet but impassioned plea for Palestinian rights.

As expected, Israel, Syria, Lebanon, Jordan and the Palestinians set out their maximum demands in their formal

speeches at the conference. The question hanging in the air yesterday was whether the three days of letting off steam had simply entrenched old prejudices or provided the momentum required to launch real negotiations. Last night Mr James Baker, the US secretary of state, was still struggling to resolve a dispute over venues for future talks and to persuade Israel and each of its enemies to start the scheduled round of bilateral negotiations. To achieve that, Mr Baker wants to add one more problem to the historical scrapheap. "That old taboo that Arabs and Israelis cannot meet and cannot talk," he said this week, "is now something that we want to relegate to history."

Closing session of bitter attacks

By Tony Walker

MR Yitzhak Shamir's past came back to haunt an extremely bitter closing session of the Middle East peace summit yesterday.

In response to Mr Shamir's accusations that Syria was "the home of terrorism", the Syrian foreign minister, Mr Farouk al-Sharara, laid aside his prepared text and launched a personal attack on the Israeli premier, who had left the conference hall to return home.

Holding up a "wanted" picture of a 32-year-old Mr Shamir, issued by the British authorities in connection with the killing of the UN Middle East mediator, Count Folke Bernadotte, in 1948, Mr al-Sharara charged that the Israeli leader had "himself recognised that he was a terrorist, that he practised terror and that he helped in the assassination of Count Bernadotte".

Mr Shamir, who was leader of a group known as the Fighting for the Freedom of Israel or as the Stern Gang, has never made any secret of his activities as a member of the group, nor has he explicitly denied his organisation's involvement in the killing of Count Bernadotte. He was seeking to mediate an end to the conflict between Arabs and Jews over the UN plan in 1947 to partition Palestine into Jewish and Arab states.

"The Israeli leader, in his concluding remarks yesterday in Madrid, said that he had accused Syria of being the 'home of a host of terrorist organisations that spread vio-



ITZHAK YEZERENITSKY

Age: 32 years
Height: 185 cms
Build: Heavy
Complexion: Sallow
Hair: Brown
Eyes: Brown
Peculiarities: Thick eyebrows
Peculiarities: Thick eyebrows
large ears: unkempt appearance: uses disguise as rabbi
Nationality: Polish
Occupation: Cleric.

"Wanted" poster for Shamir shown yesterday by Syria

lence and death to all kinds of innocent targets, including civil aviation, and women and children of many nations".

Mr Shamir added: "I could go on and recite a litany of facts that demonstrate the extent to which Syria merits the dubious honour of being one of the most oppressive, tyrannical

regimes in the world, but this is not what we have come here for."

The Israeli leader's accusations brought to the surface years of bitterness between Israel and Syria, the huge task facing Mr James Baker, the US secretary of state, in trying to advance the cause of peace.

Baker warns: We can't make peace for you

The following are extracts from the closing address by Mr James Baker, US secretary of state:

This conference demonstrates vividly the end of the Cold War and the flowering of the US-Soviet partnership in resolving regional conflicts. Where we once competed, we now co-operate. Where there once was polarisation, there is now co-ordination. What was once unthinkable - the United States and the Soviet Union co-sponsoring a process of peace in the Middle East - became a reality this week.

The parties have made clear that peace by itself is unachievable without a territorial solution and security; that a territorial solution by itself will not resolve the conflict without there also being peace and security; and that security by itself is impossible to achieve

without a territorial solution and peace. The process on which we are embarked can work only if all issues are put on the table, and if all issues are satisfactorily resolved.

The United States at the highest levels, will remain intimately engaged in this process. We expect to be available to the parties throughout this process. The United States and the Soviet Union are prepared to participate directly in the negotiations themselves, with the consent of all parties.

We will do our part. But we cannot do your part as well. None of this will relieve you - the parties - of the obligation of making peace. If you won't do it, we certainly can't.

As I travelled through the region, I witnessed terrible scenes of human tragedy, suffering and despair. Innocent civilians caught in the crossfire of a

conflict they wish would end. Refugees and displaced persons wandering across the vast expanses of time. Mothers and fathers, afraid of the future that awaits their children. And children, being schooled in the lessons of animosity and conflict, rather than friendship and accommodation.

Formulas, terms of reference and negotiations are not enough. Support for a negotiating process will not be sustainable unless the human dimension is addressed by all parties. A way must be found to send signals of peace and reconciliation that affect the peoples of the region. Don't wait for the other side to start; get your own side off the mark quickly. You should know best what is needed.

In closing, let me speak to each of you personally and directly. For over four decades, the world waited for this

week. Peace-loving peoples everywhere tried time and again to get you - the makers of this intractable conflict - to join together to discuss your differences. This week... you finally have met and held such a meeting.

This has been a start, a good start, an historic start that has broken old taboos, an important start that opens the way to a new future. It is a start and that's not enough. You must not let this start become an end.

When you walk out these doors, you carry with you great responsibilities. You carry with you the responsibility to your peoples to seek peace. You carry with you the responsibility to the world to build a comprehensive and just peace. You carry with you the responsibility to yourselves to break with the past and pursue a new future. Man in the News, Page 6

US jobless rate raises fears about recovery

By Michael Prowse in Washington

FEARS that the US economic recovery is stalling were heightened yesterday by the first rise in the unemployment rate since June and a fall in the index of leading economic indicators.

The figures, rounding off a week of gloomy economic statistics, prompted fresh calls in financial markets for a more decisive easing of monetary policy by the Federal Reserve.

Mr Philip Braverman, chief economist at DKB Securities in New York, said the employment report showed the economy was "slipping back into recession". The sharp drop in hours worked sent the signal that gross national product might contract in the current quarter. The need for further easing by the Fed was "blatant and obvious".

Mr Thomas Foley, the Democrat speaker of the House of Representatives, said the econ-

omy was "definitely not responding" and urged early enactment of a \$5.5bn (£3.4bn) bill to extend unemployment benefits by five per cent. "We are worried," he said, "that the economy is slipping back into recession."

The Fed this week engineered a 5 per cent cut in the federal funds rate - the rate at which banks lend to one another. But the White House and many private-sector analysts believe sterner measures - including a cut in the discount rate, currency devaluation - are warranted. The Fed's policy-making committee meets on Tuesday to review monetary policy.

The Southwest Bank of St Louis, seen as a bellwether, yesterday cut its prime lending rate a quarter point to 7 1/2 per

cent, apparently in anticipation of easing by the Fed. Analysts expected an increase in jobs in October of at least 25,000 but the overall figures were flat. Aggregate hours worked fell sharply, indicating likely weakness in production this quarter.

The unemployment rate rose 0.1 to 6.9 per cent, the first rise since June while the leading indicators, which is used to predict economic turning points, fell by 0.1 per cent in September, the first decline since January.

Employment in cyclically sensitive sectors fell sharply. Manufacturing shed about 30,000 jobs for the second month running, erasing job gains in July and August. Construction employment dropped 30,000, continuing a downward trend that has reduced payrolls by 10 per cent in 18 months, while retailing shed 45,000 jobs.

Budget blow to stealth bomber

By George Graham in Washington

CONGRESSIONAL leaders have reached a compromise on this year's US defence budget, but the deal leaves the stealth bomber in a precarious position. The House of Representatives approved a \$29.1bn (£18.9bn) defence spending agreement that rejected President George Bush's request for \$2.9bn to fund four more B2s this year.

Their bill would also provide \$4.1bn to develop further an SDI defence against ballistic and tactical missiles, and would authorise its deployment by 1996. This is considerably less than the \$5.2bn requested by the administration but more than the \$3.5bn earlier approved by the House, which has been consistently more hostile than the Senate to SDI.

The administration wants to continue the B2 programme, with a final goal of 75 bombers. But the agreement Congress appears likely to halt the programme once the 15 B2s already authorised and under construction are completed.

The B2's viability has been questioned recently in light of the reduced Soviet threat, its high cost and its apparent inability fully to evade radar detection. When President Bush announced in September that he would cut the number of deployed nuclear missiles and take the US nuclear bomber force off alert, the B2's hopes of survival dwindled.

While the B2 may be a casualty of the end of the Cold War, SDI has been given a new boost by evidence that more third world countries have developed ballistic missiles.

Bonn doubts on Emu opt-out clause

By Quentin Peel in Bonn and Ivo Dawany in London

GERMAN officials yesterday confirmed their reservations about the general exclusion clause proposed by the Netherlands which would allow Britain to opt out of European economic and monetary union (Emu) at the last moment.

Their scepticism was expressed in a special meeting of the German Finance Ministers in Bonn, which was put off yesterday after Mr Kohl's son Peter was injured in a car accident.

A new date for the informal talks has been set for November 10, immediately after the Nato summit in Rome. It is seen both sides as a crucial session to clear the air and seek compromise, in the final weeks of negotiations. The Germans believe an opportunity for Britain to opt

out, depending on a final vote in Westminster, can perfectly well be met by an individual declaration attached to the Emu treaty. Britain argues that it must have a fully fledged, legally binding clause.

The German objection is that an all-embracing clause could create uncertainty in the whole Emu process, allowing any number of other member states to opt out at the last minute. A member state other than Britain might seek to gain concessions at the last minute in exchange for its participation.

There is also a suspicion among diplomats in Bonn that the German anxiety reflects in part a fear that when the real-

ity of Emu comes closer, influential parts of the German establishment might oppose its introduction. That could even include the mighty Bundesbank, fearful that the currency union would create a weaker currency than the D-Mark.

In London, Downing Street said the UK government remained confident that Britain could reach agreement with Germany on the "opt-out" provision.

While officials claimed it was "much more sensible" to have a general opt-out clause available to all 12 member states, it was hinted that the UK could, if pressed, accept wording which confined the option to Britain alone.

Struggle for bank reform bill

By George Graham

ADMINISTRATION officials and Republican congressional leaders were working yesterday to salvage a far-reaching bill to reform the US banking system, after losing a series of votes in the House of Representatives.

Congress has been working on the bill for 10 months, but the version that is emerging from the closing stages of the legislative process has changed radically from that proposed by the administration in February.

The House bill would close a chapter in US banking history by repealing the 1933 Glass-Steagall Act which set up a rigid barrier between commercial and investment banking.

But Congress has added new "firewalls" between the two types of banking. The administration, backed by many big banks, says these would make it even harder for them to enter businesses such as stock-broking, securities underwriting and insurance.

The administration, which says this version is a step back from the closing stages of the legislative process has changed radically from that proposed by the administration in February.

A conference to reconcile the House and Senate drafts could then, officials hope, produce a version they would find acceptable.

Treasury officials have threatened to recommend that President George Bush veto

the bill if it ends up including the firewalls that the House has agreed to.

If Mr Bush did veto the bill, he would also have to assume the risk of killing its other provisions - notably the authorisation to give up to \$70bn (£40.6bn) of extra resources for the deposit insurance fund, which is fast running out of money because of the rate at which it has had to pay out to the depositors of failed banks.

The Federal Deposit Insurance Corporation, which manages the fund, has warned that it badly needs the additional funding authorisation before Congress ends its current session, probably towards the end of November.

Confusion grows over pace and content of economic reform

Yeltsin wins sweeping new powers

By John Lloyd in Moscow

MR Boris Yeltsin, the Russian president, was yesterday invested by the Russian parliament with extraordinary powers to push through a programme of radical economic reform.

However the confusion over the pace and content of reforms grew as Mr Yeltsin appeared to drop the plan he announced only the previous day to abolish the Soviet state bank (Gosbank) and create a Russian central bank and a Russian currency.

Mr Ivan Silayev, who was confirmed as chairman of the Inter-Republican Economic Committee - the remaining vestige of Soviet government - said Mr Yeltsin had "changed his mind". This followed agreement by the committee to re-examine a request made by Soviet President Mikhail Gorbachev last month for Rs30bn (£10bn) to be extended by Gosbank to cover the union

A fire broke out at the Chernobyl nuclear reactor yesterday, the second accident there in less than a month. Chernobyl was released at the plant, the site of the world's worst nuclear accident just over five years ago. The blaze was put out within 40 minutes.

budget deficit. The parliament yesterday passed, with overwhelming majorities of more than 20 to 1, bills giving Mr Yeltsin the right to:

- ban all elections and referenda on Russian territory until December 1 next year;
- cancel all legislation passed by local and regional assemblies;
- create or cancel all executive bodies of power;
- override all previous legislation;
- limit parliament to discussing only that legislation approved by the president.

But the various statements made by Mr Yeltsin and his

aides yesterday reflect fears of the social effect of the "shock therapy" demanded by Mr Yeltsin in his speech to the parliament on Monday, in which he called for massive price rises.

Mr Yeltsin, for example, said on Thursday that price controls would stay on a wide range of goods, though prices of these would be raised. However, even a limited price liberalisation - due to be effected before January - was called into question by Mr Yeltsin's speech. The Russian state secretary and one of Mr Yeltsin's closest aides, Mr Burbulis, said "we can't free prices until we create at

least some kind of dynamism in basic privatisation. In conditions of economic monopoly, freezing prices will yield nothing. We will not release a mechanism of real competition between producers."

Mr Yeltsin has also made clear that Russia will charge world prices for its exports to all republics which have not signed either a political or economic agreement - a measure which would, at present, include the already-independent Baltic states, as well as Ukraine, Georgia, Moldova and Azerbaijan.

The Group of Seven industrial countries is considering deferring repayment of Soviet debt because the Soviet Union is short of \$4bn (£2.5bn) to cover debt servicing for the current year. Mr Viktor Geraschenko, chairman of the Soviet State Bank (Gosbank), told the Japanese newspaper Nihon Keizai Shimbun.

German plan for finance watchdog

THE Bonn government has come down in favour of a central regulatory authority for the German financial services industry. The move represents a significant "turning-up" of the government's position on an issue which is considered vital for the future of Germany as a financial centre, David Waller writes from Frankfurt.

The decision follows a summer in which a series of insider-dealing cases has exposed the limitations of the German regulatory environment. Details of how the new body will operate have yet to be formulated but the decision seems likely to put Bonn against the government of the 16 Lander.

The Lander believe that they have the competence to regulate the German markets, and a first sign of their opposition to a centralised authority came yesterday as Dr Jürgen Wefelmeier, state secretary in the economics department of Hesse, said in Frankfurt that the governments of the Lander should reject a Bonn-imposed solution.

The government's decision in favour of a centralised authority was spelt out by Dr Horst Kohler, state secretary of the German finance ministry, at a meeting of senior bankers and stock-exchange officials in Bonn earlier this week.

Salinas plans to recognise church

PRESIDENT Carlos Salinas de Gortari of Mexico yesterday proposed reforms that would end the Mexican state's 130-year-old split with the Roman Catholic church, Damian Fraser writes from Mexico City.

In an historic state-of-the-union address, Mr Salinas implied that his government would soon legally recognise the church. A senior government official says this should lead to a resumption of diplomatic relations with the Vatican. These were broken off in 1861 when President Benito Juárez told the papal nuncio to pack his bags in the shortest time "absolutely necessary to prepare your trip".

Mr Salinas also backed plans to encourage Mexico's *ejido* (indigenous community) farm sector, which employs some 2.25m people, to form business partnerships with the private sector, and implied that Mexico's dynamic land redistribution laws would be scrapped.

The president announced proposals to restructure Mexico's educational system, handing over much of the responsibility for education from the federal government to the country's states and municipalities.

He did not specify the church reforms, but government officials say the Mexican Congress will be presented with legislation in the next few weeks.



Two Serbian women weep in Belgrade as relatives leave to visit federal soldiers captured by Croatian rebels

MR Slobodan Milosevic, the president of Serbia, yesterday appeared on the verge of accepting the revised European Community peace plan to transform Yugoslavia into a loose association of six independent republics.

Serbia, which faces the threat of economic sanctions if it fails to accept the EC plan, initially rejected the proposal because it would leave 2.5m Serbs living outside Serbia. But Mr Milosevic appears to have softened his position that all Serbs have the right to be united in one state. He said the question of the Serbian people in Croatia could be solved by a "special status which completely guarantees the freedom and security of Serb regions, including international control and protection".

Mr Milosevic's eventual acceptance of the EC proposal would not, however, guarantee an end to the violence in Croatia, where the death toll from the fighting could be as high as 10,000, according to one western diplomat. Such a move could instead drive a wedge between Mr Milosevic and the radicalised Serbs in Croatia

and the federal army, whose leadership is dominated by Serbs from Croatia and Bosnia. Meanwhile, fighting continued in Croatia despite a call for a ceasefire on All Saints' Day, known as the Day of the Dead. Croatian radio said the eastern town of Vukovar came under mortar bombardment, which Osijek was reported to be under attack by the federal air force.

The persistent ceasefire violations yesterday caused Mr Erhard Busek, the Austrian vice-chancellor, to call for United Nations "peace-making" forces to be sent to Yugoslavia and for an oil and economic embargo to be applied against "those parties contravening ceasefire agreements".

The dispatch of UN forces should be preceded by the international recognition of Slovenia and Croatia, he added, though the ideal time for such a move would have been last summer.

The possibility of a UN-sanctioned oil embargo against Yugoslavia was raised by Austria and Britain during UN Security Council consultations in New York on Thursday.

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INTERNATIONAL NEWS



ON THE WAY OUT: Kaunda, too many years at the top have taken their toll

Zambia's well-meaning but impractical leader

Our Foreign Staff look back at the turbulent career of Kenneth Kaunda after yesterday's poll defeat

WITH his ever-present white handkerchief and a propensity to tears when moved by events, Kenneth David Kaunda - "KK" as he is universally known - seemed a fixture not only on the African stage but an instantly recognisable participant at conferences around the world.

In theory, a political comeback after yesterday's overwhelming defeat in Zambia's first multi-party elections for some two decades is possible. But time and personal tribulations, including the death of one son from AIDS and the arrest of another on a murder charge, have taken their toll.

Greying, slightly stooped and looking all his 67 years, his appearance at last month's Commonwealth conference in Harare had an almost valedictory air about it. In characteristic KK style, he tried to launch a diplomatic initiative, suggesting to fellow heads of government that they invite South Africa's four main political leaders to address them.

As the first president of Zambia, he had a baptism of fire. Hardly a year after he took office in 1964, Ian Smith announced that the unilateral declaration of independence. Zambia never managed to recover from the cost of an ultimately futile attempt to impose sanctions against Salisbury (now Harare), and the guerrilla war that put Zambia in the front line.

In was in the southern African arena that he made his

mark. As a leader of what became known as the Frontline states, Mr Kaunda played an important role in the creation of an independent Zimbabwe in 1980, and took an active part in the debate over the future of South Africa until the release of the black nationalist leader Mr Nelson Mandela in 1990.

On the domestic front he committed Zambia to policies that largely failed. He nationalised not only the mining sector, the economy became dominated by central government controls, justified in the name of his own humanist philosophy of Zambian humanism, a somewhat vague, Christian-influenced doctrine which called for human dignity and condemned exploitation.

These beliefs were not enough to rescue Zambia from the ills which afflicted the rest of the continent - a heavy foreign debt burden, collapsing infrastructure, neglect of farming, and a dependence on the export of a single commodity, in this case copper.

After the end of the copper boom in the 1970s Zambia became progressively poorer and more resentful. Avenues for protest were closed and Zambia became a one-party state in 1972. Mr Kaunda appeared to be entrenched as Life President in all but name. Anger, nursed to violence both in 1986 and in 1990 when the government increased the price of maize, the staple food, and in the latest riots at least 26 people were killed.

In a turbulent continent he presided over more than two decades of peace following Zambian independence. But the constant shuffling of potential political challenges from

one ministerial post to another, from government in Lusaka to ambassadorial posts abroad, or from the administration into private life, left a legacy of uncertainty and a sense of drift.

Foreign and domestic policies were both marked by misjudgments and sudden changes of direction which weakened Zambia's prestige and damaged its economy.

He befriended and then rejected the Unita rebels in neighbouring Angola: he embraced and then spurned and then embraced again the financial discipline of the International Monetary Fund; and he liked to look beyond the country's borders when apportioning the blame for Zambia's precipitous decline, pointing at low commodity export prices and the high cost of imported oil even when copper prices were soaring and oil prices low.

At the same time, Mr Kaunda was praised abroad for his courageous efforts to resolve Africa's conflicts through dialogue rather than fighting. He was not afraid to meet such figureheads of white supremacy as John Vorster and Ian Smith.

Internationally he became particularly well known for his forthright condemnations of apartheid, his championing of the sanctions campaign against Pretoria, and his dire predictions of a regional blood-bath.

Perhaps posterity will judge that he should have made way for a successor and retired, a respected elder statesman, instead of hanging on too long to the reins of power.

Hyundai, founding family face £106m in tax penalties

By John Ridding in Seoul

THE Hyundai Group, its founder Mr Chung Ju Yung and eight members of his family must pay taxes and penalties totalling won 136bn (£106m) for the evasion of inheritance and capital gains taxes and illegal share transactions, the Office of National Tax Administration announced yesterday.

The tax penalty is the largest ever imposed on a business group in South Korea. It will add to growing tensions between the government and the chaebol, the conglomerates which dominate the Korean economy, and may signal a government initiative to limit the transfer of wealth between generations of the families which control the large business groups.

Executives of the Hyundai Group, one of South Korea's largest conglomerates, which makes products ranging from ships to cars and semiconductors and is also active in financial and service industries, yesterday declined to comment. But they had earlier indicated that they would appeal if a big fine was imposed.

Executives from other business groups said they believed the unusually public investigation was politically motivated. The Federation of Korean Industries, which represents the interests of big business, said it would conduct its own investigation into the case.

According to ONTA, the

total tax bill for the Chung family and 10 Hyundai Group subsidiaries comprised won 67bn in evaded income taxes, won 63.1bn in evaded corporate taxes and won 6bn in unpaid gift taxes.

ONTA said members of the family had failed to pay taxes on big capital gains made by buying shares in group companies subsequently floated on the Korean stock market. Mr Chung had also given shares to family members to avoid capital gains and inheritance taxes.

Mr Chung's personal tax penalties are won 9.6bn. Mr Chung Mong Koo, his second son and chairman of Hyundai Precision Industries, is to pay won 40.7bn.

ONTA officials denied that the investigation and the imposition of heavy fines reflected government anger with Mr Chung. He has criticised the government's handling of the economy and its plan to build a high-speed railway linking Seoul and the south-eastern port of Pusan.

But yesterday's announcement is certain to fuel tensions between the government, Hyundai and the other chaebol.

The close relationship between business and government in Korea has been strained this year. Ties have been soured by government attempts to force the conglomerates to specialise in a smaller number of industries.

Malaysian budget seeks to push growth

MR ANWAR Ibrahim, the Malaysian finance minister, yesterday announced a larger deficit budget for 1992 to sustain economic growth rather than slow its pace, risking rising inflation and a deterioration in the current account, reports Lim Siong Hoon.

The budget surprised many economic analysts who had expected him to impose a range of monetary and fiscal policies to curb consumer spending and decelerate the economy.

But Mr Anwar argued in his maiden budget announcement that the problems were temporary and not structural. Next year's real growth in gross domestic product is anticipated to remain high, at 8.5 per cent compared with 8.6 per cent this year, although an independent forecast has put it at under 7 per cent.

Despite the deficit budget targeted at M\$7.2bn (£1.53bn), the government says that domestic price increases will stay at the present official level of 5 per cent. Interest rates are expected to stabilise at around 8 per cent.

This year's current account deficit is estimated to reach almost M\$12bn, up by 50 per cent from earlier official forecast. Next year, it is expected to be M\$12bn, or 0.6 per cent of GNP compared with 4.3 per cent last year.

On top of M\$34bn in operating expenses, the government has allocated more than M\$11bn for development expenditure, half of which will go into new infrastructure and agricultural projects.

Along with the budget, Mr Anwar has also announced tax cuts for a range of imports on textiles, garments, food, chemical and printing goods.

There will be changes too on tax incentives for foreign investments, in particular the abolishment of tax holidays for certain "pioneer" industries, such as electronics.

In addition tougher qualifying rules for rebates on capital expenditures are to be introduced.

Cabinet is split on defence cuts

By Ivo Dawmay, Political Correspondent

FRESH differences within the Cabinet over the future of the Scottish regiments emerged yesterday when hints by Mr Malcolm Rifkind, the transport secretary, that army reforms might yet be reviewed were firmly rejected by Downing Street.

With six days to go before polling in the Highlands and Islands by-election, Mr Rifkind had suggested on a visit to the marginal Tory constituency on Thursday that the merger between the locally based Gordon Highlanders and the Queen's Own Highlanders could be reversed.

His comments followed similar hints from Mr Ian Lang, the Scottish secretary, last week. Yesterday, though, both Downing Street and the Ministry of Defence firmly denied the suggestion, insisting that "army forces" cuts ordered by the Options for Change white paper would go ahead.

Yesterday, Mr Archie Hamilton, the armed forces minister, said the decision to amalgamate the Gordon Highlanders with the Queen's Own Highlanders was due to be implemented in 1993-94.

It was the second time in a week that apparent internal disagreement between ministers surfaced in the open.

In the Queen's speech at the opening of parliament on Thursday, there was widespread surprise that a promised Home Office bill to tackle "joyriding" in cars was not included in the list of new legislation.

Nevertheless, after reports of a fresh joyriding incident in which a Liverpool girl was killed, Mr Kenneth Baker, the home secretary, yesterday gave firm assurances that a bill tackling the matter would be given priority in the Commons timetable.

Insiders asserted that Mr Baker had not had full clearance to promise the bill, when he announced it at the Tory conference in Blackpool last month, but the Liverpool incident had now enabled him to force party managers to make time available.

The two disputes follow last week's public climbdown by Mr William Waldegrave over the future of tax exemptions for private health insurance for the elderly. The health secretary had at first told an interviewer that the tax breaks had not been considered and were likely to be withdrawn.

But after an intervention by Mr Norman Lamont, the chancellor, he subsequently withdrew his remarks.

Plans to tighten rules of asylum create stir

By Ivo Dawmay

THE government announced its controversial plans to tighten the UK's rules on asylum in a bill aimed at reducing the period in which applications for refugee status are processed from two years to four months.

Mr Kenneth Baker, the home secretary, said the bill, published yesterday, intended to tackle a problem which has seen the number of asylum seekers - up from 5,000 in 1985 to an estimated 46,000 this year.

It was a "fair and proper" response to the need to differentiate between genuine cases and the growing number of "economic" refugees, using loopholes in immigration laws to profit from purely "economic" refugees.

Labour last night warned that it would seek to amend the bill on the ground that it offers genuine asylum seekers inadequate appeals procedures and legal aid to prevent them from being returned to face

Council tax details set out in bill

By Andrew Adonis

THE council tax will involve no register of those liable for payment and no precise valuation of properties, according to the Local Government Finance Bill published yesterday.

The main features of the bill, likely to become law next spring, are:

● Liability: From April 1993, each household will receive a single council tax bill. The bill is calculated on the basis of the capital value of the property - subject to banding - and will apply to individuals over the age of 18 whose "sole or main" residence is the property. Spouses will be jointly liable.

Complete exemption will be given to students, student nurses, apprentices, youth trainees, those on income support, prisoners and the severely mentally handicapped. The definition of student is likely to be controversial, and will be subject to definition in regulations to be issued by the environment secretary.

Single-person households, or households where all but one resident is exempt, will be eligible for a 25 per cent discount. Unoccupied and second homes will be eligible for a 50 per cent discount.

● Banding: Properties will be allocated to eight bands. The bands for England are set out in the table. In Wales, the lowest band will apply to properties valued below £30,000 and the top to those above £240,000, with the middle bands covering those between £51,000 and £90,000. In Scotland the lowest band will apply to properties valued below £27,000 and the highest to those above £224,000, with the middle bands covering those between £45,000 and £80,000.

Throughout Great Britain, the proportionate tax liability carried by properties in each band is set out in the table. Those in the top band will pay three times as much as those in the bottom.

Valuation: Each council will have a listing officer, employed and paid by the Inland Revenue. The officer will issue a valuation list, based on valuations valid on April 1 1991, listing each property and the band applicable to it. Precise valuations will not be given.

● Capping: The environment secretary will, as now, have a general power to cap councils whose spending is seen to be excessive. He may devise his own principles to define "excessive".

● Voting restrictions: Councilors will not be able to vote on

| Band | Range of values | Proportion Payable |
|------|----------------------|--------------------|
| A | Up to £240,000 | 100 |
| B | £240,001 to £52,000 | 117 |
| C | £52,001 to £58,000 | 133 |
| D | £58,001 to £58,000 | 150 |
| E | £58,001 to £120,000 | 183 |
| F | £120,001 to £160,000 | 217 |
| G | £160,001 to £220,000 | 250 |
| H | Above £220,000 | 300 |

As a percentage of the tax payable in band A

TWO TOBY backbenchers, Sir Rhodes Boyson, MP for Brent North, and Mr John Wilkinson, MP for Ruislip-Northwood, yesterday urged the government to change the council tax to provide fairer treatment for property owners in south-east England.

Speaking in the resumed

debate on the Queen's speech, Sir Rhodes, a former local-government minister, forecast that the government would face similar difficulties to those encountered with the poll tax and called for "concessions now instead of waiting three years with battles going on".

Mr Wilkinson maintained

that without a wider system of regional banding, property owners in the south-east would be "unjustly penalised". He also urged the government not to seek to curtail debate on the tax by using the parliamentary guillotine.

The debate will be continued on Monday.

LAPHROAIG



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PRIVATE PARKING

UK NEWS

Coal bill allows £3bn for redundancies

By Juliet Sychnava

FUTURE redundancies at British Coal are to be funded by up to £3bn in grants.

A Coal Industry Bill which includes a provision to double the ceiling for redundancy grants to British Coal from the £1.5bn set in 1987 was given its first reading in the Commons yesterday. It was interpreted by Labour as paving the way for "a catastrophic rundown of the industry."

Mr Frank Dobson, shadow energy secretary, said the £1.5bn increase would finance all the 33,000 job losses pre-

dicted in the report on the restructuring of British Coal leaked last month from N.M. Rothschild, the merchant bank advising the government on the privatisation of British Coal.

Mr John Wakeham, energy secretary, said yesterday, though, that the bill had "absolutely nothing to do with privatisation," and was part of British Coal's ongoing restructuring.

The Rothschild report, he said, had not been accepted or rejected by the government,

and it was not a blueprint for the future size of the industry. That size would depend on British Coal's ability to sign contracts with the electricity industry and to cut its costs, he said. "We are satisfied that British Coal can make significant cost savings and I detect a desire to achieve them."

"The level of redundancies will come from British Coal. We are not sending a signal by setting this level."

British Coal said it had made no secret of the fact that the industry would get smaller,

and agreed that its size would depend on the contracts it negotiated with the electricity generators.

The bill also gives the government power to change the hours that miners work by repealing the Coal Mines Regulation Act 1908, which limits underground shifts to 7½ hours daily.

Mr Wakeham said the act would have to go if and when the European Community directive on working time, due to be discussed in Brussels this week, was adopted, because

the two would be incompatible. Neither Mr Wakeham nor British Coal knew in detail what the new directive would mean for miners, although British Coal said it was anticipating big changes at pits.

Mr Roy Lynk, president of the Union of Democratic Mineworkers, said he was unable to comment on the bill but was watching the EC directive closely.

"As I understand it, it could have a serious effect on the mining industry, and not for the best," he said.

Gas offices will be relocated to Solihull

BRITISH GAS said yesterday that it planned to move the headquarters of its domestic gas supply business from London to the west Midlands late in 1994. Paul Cheeseright writes. It will be one of the largest private-sector relocations since the mid 1980s.

British Gas said 1,300 people would move from 10 establishments to a 300,000 sq ft building at Birmingham Business Park in Solihull. The park is owned by Arlington Securities, a British Aerospace subsidiary. British Gas would not disclose the costs of the move, but current charges for land purchase, construction and relocation suggest that the bill will approach £50m.

The headquarters for the exploration and production, and global gas divisions of British Gas will remain in London. The main reason for moving the domestic gas business is to seek greater efficiency by consolidating discrete offices into one central location with easy communications.

Short-term power contract

BRITISH GAS introduced a short-term supply contract for power stations yesterday at a price of 21.5p a therm, slightly more than the long-term price. The contract runs for a maximum of six months for the supply of between 50m and 150m therms of gas.

The contract is aimed at supplying a small amount of gas to large plants, such as power stations, while they are being started up. It contrasts with the long-term supply deals for power stations which they are fully operational. Those run for 10 to 15 years.

Engineers' chief to quit early

MR PETER BRIGHTON, director-general of the Engineering Employers' Federation since 1989, is taking early retirement at the age of 58 for "personal reasons".

Since the abandonment of national bargaining in the engineering industry the EEF has lost much of its former significance. Some observers believe it may eventually merge with the Confederation of British Industry into which it is already affiliated.

The two organisations are expected to co-operate in establishing a National Manufacturing Council to speak with one voice for manufacturing.

Mr Peter Ball, operations director of the EEF, is appointed deputy director-general with immediate effect.

CORRECTION

Mr Terry Brand

IN yesterday's report headed *Sleep Rise in Pension Inquiries* a statement was attributed to the late Sir Monty Finiston instead of to Mr Terry Brand, vice-president of the Occupational Pensions Advisory Service. We regret the error.

Minor nightmare on Elm Street for SFO

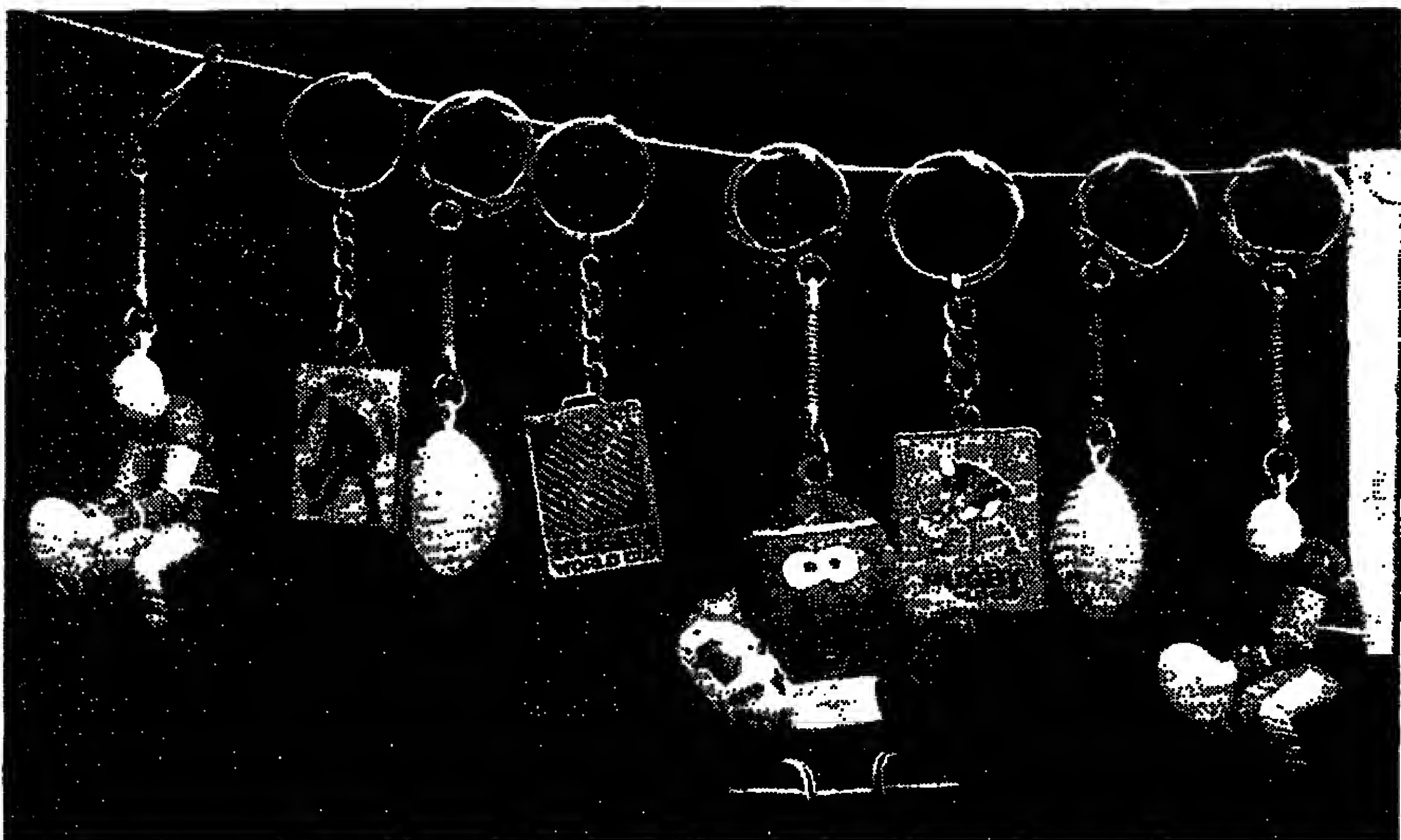
By Jimmy Burns

IT WAS Hallowe'en and at the headquarters of the Serious Fraud Office in Elm Street, London, it seemed to have been a night of more tricks than treats.

First one alarm went, then another. At approximately 12.20am there was a report of a fire and - to quote a policeman on the spot - a "possible suspect on the scene".

Police and fire crews arrived to find no-one but the security staff that had raised the alarm, and three "confidential waste" bags burnt to ashes in the basement. According to the police, there was very little damage to the building and no sign of a false entry. What about the bags?

"Ordinary rubbish," replied the Serious Fraud Office yesterday. Asked to elaborate a little on



Unlocking the cash: key rings are one item of world cup merchandising, which even includes women's underwear

Swing high sweet profits

Neil Buckley on the commercial success of the Rugby World Cup

| | |
|--|--------|
| ■ Estimated surplus, 1991 world cup | £20m+ |
| ■ Surplus, 1987 world cup | £1.1m |
| ■ Total revenue from commercial sources | £23m |
| ■ Merchandising | £15m |
| ■ Total TV Rights | £12m |
| ■ ITV bid | £7m |
| ■ Countries taking TV pictures | 70 |
| ■ Total worldwide TV audience | 1bn+ |
| ■ Total number of tickets | 1.2m |
| ■ Corporate hospitality packages | 26,000 |
| ■ Expected UK TV audience for final | 12m |
| ■ Total gate receipts for final | £1m |
| ■ Average price of final tickets this week | £200 |
| ■ North and south stands | £350 |
| ■ East and west stands | |

little interest outside rugby circles, with only 15 countries taking TV pictures. In most countries except the host nations of Australia and New Zealand, matches screened in the middle of the night drew small audiences.

The profit was only £1.1m, prompting Mr Dick Littlejohn, head of the New Zealand Rugby Union, to remark prophetically: "In time to come, people will laugh at these figures."

The earnings of the various rugby unions were correspondingly paltry. Mr Dudley Wood, secretary of the English Rugby Football Union, says the RFU received only £80,000, before tax.

"We draw up our budgets five years in advance and had made virtually no provision for any income from this year's world cup," he says. So the £2m profit the RFU is set to make from gate receipts is a welcome windfall for its Twickenham refurbishment and youth rugby programmes.

The substantial surplus reflects impressive commercial organisation, which might be taken as a model for other important sports tournaments. The International Rugby Board set up an offshore company, Rugby World Cup Ltd, in the Isle of Man, to run the tournament to be hosted by the Five Nations. That in turn appointed an event organising committee, and promoters

CPMA to handle the commercial side.

Many prominent rugby personalities are involved. Mr Ross Thomas, a former All-Black player and chairman of the New Zealand Rugby Council runs RWC, while Mr Ray Williams, who introduced the system of coaching co-ordination in Wales, and later became secretary of the Welsh Rugby Union, heads the organising committee. In CPMA, the M stands for Cliff Morgan, the former Wales and British Lions player and rugby broadcaster.

CPMA, whose brief was to get the best possible balance between income and exposure, decided to contract out the various money-spinning areas, and is predicting total revenues of more than £23m. Broadcasting rights, the most profitable single area, were handled by TSL, and have raised £12m.

Seventy countries are taking pictures, 40 of which will broadcast today's final live. New and unlikely countries have been signing up even this week, Austria and Saudi Arabia being the latest rugby converts.

While ITV is believed to have paid more than £7m to break the BBC's three-decade stranglehold on the sport, some countries are receiving pictures for a nominal fee, as a publicity exercise. Mr John

Bromley, TSL's managing director, believes more than 1bn people will eventually have seen some coverage of the event.

Merchandising, run by Telemond, has pulled in £1.5m, with more to come. Of the 70-odd items on sale, women's underwear emblazoned with the RWC logo has been a popular seller, but cannot match the runaway success of the official tee - 150,000 sold. The official RWC Bordeaux wine, not traditionally known as a rugby players' or fans' drink, has sold more than half a million bottles.

At least some of those have been consumed by the 26,000 visitors to the corporate hospitality tents - slightly less lavish than planned after Wembley had to come to the rescue of the collapsed Keith Prowse in August.

Sponsorship was the second-largest money-spinner. Eight principal sponsors - Heinz, Ricoh, Guinness, Famous Grouse whisky, Glass SA, Société Générale, British Steel and Cathay Pacific - are believed to have paid an average of around £1m for stadium advertising and the rights to use the official RWC logo in their own marketing.

The founders of this amateur game might not have approved, but at least all proceeds go into the game.

The Five Nations' rugby unions keep their gate receipts and RWC's surplus from commercial activities will be used to promote rugby worldwide - especially in poorer countries and those where rugby is less well established - and to ensure the success of the next tournament, allowing more countries to take part.

The irony is that the stars of the event are the only people who do not gain direct financial benefit. The question remains whether amateurism can survive the increasing commercialisation of rugby. John Hopkins on rugby, Page 2.

Treasury and CSO agree work targets

By Peter Marsh, Economics Staff

PERFORMANCE targets for measuring such elusive quantities as the flow of money into Britain and fluctuations in retail sales have been established by the government as part of changes being planned for monitoring the path of the economy.

The plans apply to the Central Statistical Office (CSO), the main Whitehall department for gathering economic statistics, which has agreed a range of performance standards with the Treasury for earning specific parts of its work.

The standards have been drawn up as part of an agreement on how the CSO should become an executive agency, under the government's Next Steps programme for introducing more businesslike ideas into the Civil Service. The change is to take effect on November 19.

Under the plans, CSO statisticians will be given detailed targets in areas such as accuracy and timeliness of data - which cover economic variables including monetary flows, trade, shop sales and services and manufacturing output.

Managers hope the moves will lead to fewer revisions and provide more up-to-date information about economic changes.

The Treasury has acknowledged that incorrect information on economic growth in the late 1980s contributed to policy mistakes, leading to an overheated economy and a burst of inflation.

That had to be damped with a period of tight monetary policy, a factor that has almost certainly deepened the recession.

Under the changes, the CSO's 1,100 staff will be expected to raise more money from the private sector to reduce their dependence on the taxpayer. At present, almost all the £32m annual running costs of the office are met by the Treasury.

One of the options is to tailor particular statistics to the needs of specific parts of industry which would be expected to pay a commercial price. Such ideas have been introduced in several other of the 50 or so executive agencies created out of former government departments.

The changes will be presided over by a new chief of the CSO, who is due soon to be appointed and will take over from Sir Jack Hibbert on his retirement next February.

Receivers move in at Noel Penny Turbines

By Andrew Baxter

NOEL PENNY TURBINES, the Coventry-based designer and manufacturer of small gas turbines, has been placed in receivership after a liquidity crisis caused by delayed funding for a big manufacturing project in southern Italy.

The company, which employs 158 people, was founded by former Rover gas turbine expert Mr Noel Penny, who is chairman. Although its annual turnover is only about £7m, it has established a world-wide reputation over the past 20 years for small gas turbines with aerospace, marine and industrial applications.

The £55bn (£25.24m) research and production facility for advanced gas turbines in Calabria was part of a three-pronged strategy for expansion outside the UK. Last year the company initiated a joint venture in the Soviet Union, and it has joint development programmes with Volvo, a minority shareholder.

Yesterday the joint administrative receivers, Mr John Powell and Mr Ian Carruthers of Cork Gully's Birmingham office, said Noel Penny Turbines' difficulty stemmed from a lack of financial resources created by significant delays and uncertainties over the release of funds.

They added that the project had represented a significant opportunity for Noel Penny. The company had asked to be placed in receivership.

Cork Gully said the strength, quality and potential of Noel Penny's technology remained intact. The receivers were already in contact with a number of interested parties, from the UK and overseas, and expected to sell the business as a going concern "within a short period of time".

Cork Gully is the insolvency practice of Coopers & Lybrand Deloitte, the accountants.

Ford chief defends car dealer system

By Charles Leadbeater, Industrial Editor

FORD, the UK car market leader, yesterday took the unprecedented step of issuing a statement defending the system of franchised car dealers which the government is considering radically overhauling.

The statement, by Mr Derek Barron, Ford UK's chairman and chief executive, is an indication of how much manufacturers believe is a stake in the government review which might lead to the most far-reaching changes in the British car market for years.

The Monopolies and Mergers Commission last Thursday gave Mr Peter Lilley, the trade and industry secretary, its long-awaited report on British car prices, and the dealer and distribution system. Mr Lilley is not expected to respond to the report until January. The report is based on surveys that show UK car prices are considerably higher than in continental European markets.

Mr Barron said: "We have firmly challenged suggestions that the present distribution system is harmful to competition in the marketplace or that UK car prices are excessively high compared with other parts of Europe."

Significantly, Mr Barron defended the system under which car manufacturers sell through authorised dealers primarily on the ground that they offer better after-sales service rather than the lowest possible price.

He said the established dealer system was "the most efficient and cost-effective way for widely available high-quality vehicle servicing and repairs".

Comparisons of list prices in different European markets were a misleading guide to selling prices, which had to take account of dealer discounts, financing arrangements and taxes, Mr Barron said.

Threat of industrial action at Parcelforce is lifted

By Diane Summers, Labour Staff

THE THREAT of industrial action at Parcelforce, the parcels arm of the Post Office, was lifted yesterday as leaders of the Union of Communications Workers recommended acceptance of a partial six-month pay freeze, followed by a 4 per cent increase.

Management opened negotiations in July with an attempt to freeze pay completely for its 13,000 employees for nine months. The freeze was believed to have been the first to have been proposed in the public sector since the onset of the recession.

Parcelforce is attempting to pull itself back into profit after reporting in July an annual loss of £76m. Management has said it aims to break even by the end of this financial year and move into profit by the next.

The deal, which will almost certainly be accepted in a ballot of the UCW's membership, will mean payment of a £166 lump sum in December, instead of an increase backdated to July, followed by a 4 per cent increase from January 1. The next pay review will be in July 1992 - the normal pay review month.

Management's last offer provoked the threat of an industrial action ballot from the UCW, which represents 11,000 of Parcelforce's blue-collar workers. The offer was for an 18-month deal with the next review postponed until January 1993.

Mr Mike Hogan, a UCW national official, said yesterday: "Given inflation was 5.8 per cent in July, we cannot say we are entirely satisfied with the offer. However, against the background of an initial pay freeze, moving through to an 18-month deal, the union's negotiators are pleased with a 12-month settlement. It will enable us to go back next July and renegotiate for our members."

Parcelforce management said it believed the deal was fair.

Royal Opera to resume as musicians agree deal

By Lisa Wood, Labour Staff

PERFORMANCES at the Royal Opera House, Covent Garden, London, will begin again on Monday after a week-long absence after musicians yesterday accepted a slightly improved and partly self-financing deal.

The 118 musicians agreed to the 5.5 per cent increase on basic pay, an offer that had been on the table for a week. They also approved a slight improvement in overtime pay and a lump sum buying out fees for radio relays.

Musicians had submitted a 24 per cent pay claim. All opera and ballet at the theatre was cancelled a week ago after the musicians were suspended for refusing to work normally. Talks have been held since at Acas, the conciliation service.

The settlement increases overtime pay from 1½ of the basic rate to 1½. In addition, a fixed payment of £9 a week as a guaranteed payment to each member of the orchestra has been added which buyouts all fees for an unlimited number of radio relays of the work of the theatre in any one season through any UK licensed broadcaster.

Civil Service union took action at more than one in three of the 1,600 offices, although they were not closed, it added. A CPSA national officer said his members regretted affecting the public, but they wanted "adequate protection" from the threat of violence.

Some members of the CPSA

New industrial relations plans rejected

By David Goodhart, Labour Editor

BRITISH Chambers of Commerce has emphatically rejected the government's latest proposals for reforming industrial relations.

The organisation rejected all of the government's main proposals in its reply to the government's green paper after consulting its affiliated chambers.

Mr Alan Bartlett, executive director, said: "Overall, there is little support from chambers for the proposals."

Businesses are doubtful about the practical effects of a statutory cooling-off period, they believe the right of the public to bring proceedings will not be helpful, do not see the benefit of changes to the check-off system, and are not sold on legally binding agreements.

The Confederation of British Industry and the Engineering Employers' Federation have also been critical of several green paper proposals but are more sympathetic to the idea of continuing industrial relations legislation.

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Civil servants should be alright. They have indexed-linked pensions, courtesy of the poor old taxpayer.

Members of trade unions should make out too. They often have an army of negotiators to battle on their behalf.

No, it's the private sector businessman who will be in trouble.

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Enough to set up shop in some sleepy Devon village.

Enough to pursue some half-forgotten craft, like working with cane or stained glass.

Enough to buy you a stake in some successful small business near your home.

Whatever you decide to do, you'll be better off mentally as well as financially. People vegetate if they have nothing but the garden to occupy their minds.

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Weekend November 2/November 3 1991

Waiting for America

GLOBAL economic prospects for the coming year are not inspiring. The US may still grow sufficiently fast over the coming year to offset the slow down that is under way in Japan and may soon be starting in Germany. But the US economy remains too difficult to inspire confidence in its leadership qualities.

Even from leading a world economic upturn, the US recovery is rapidly turning sour. Output rose by 2.4 per cent in the third quarter of 1991. But a rash of bad news over the past week has prompted economists to revise down their forecasts.

As things stand, the US may grow by only 1.5 per cent in the current quarter. At worst it may not grow at all. Mysteriously, both consumer confidence and business orders have been tracked backwards over the past two months. The US leading indicators fell in September while house sales also dropped sharply. The purchasing managers index, a lead indicator of changes in manufacturing output, fell in October, the first fall since January.

Failing recovery

Yesterday's employment news confirmed that the manufacturing recovery is petering out. The level of non-farm employment fell by 1,000 in October compared to forecasts of a modest rise.

For Mr Bush, it is an inauspicious background against which to launch a re-election campaign. Even if the economy does recover to an annual growth rate of 3 per cent in 1992 he will still have the worst

growth record of any post-war US president.

Yet there is little that can be done to re-ignite the recovery. Some combination of tax cuts and higher spending is the normal way to boost US recoveries in their early stages. But the lags are long and the existing budget deficit will preclude any significant fiscal easing.

Monetary easing

The Federal Reserve has more room for manoeuvre. Another interest rate cut should not be too risky since inflationary pressures remain subdued. Yet a further modest easing of monetary policy is unlikely to do much good either. Interest rates have already fallen to their lowest levels since the early 1970s with little effect on confidence and lending.

If the White House is correct that the stumbling block is over-zealous bank regulation, then rate cuts are not the solution. The issue would be the banks' ability to lend - not the price which they are prepared to charge for their loans.

Yet the underlying problem is that lenders and borrowers in the US, as in the UK, remain traumatised by the recent and painful experience of high debt levels, high interest rates and collapsing real estate markets. Both banks and consumers are using falling interest rates to rebuild their bruised balance sheets. Until they feel more secure, the US recovery is unlikely to take off. Politicians, both in the US and elsewhere, can only wait and hope.

BT's charges

THE ANALYSIS that BT could cut its prices by 51bn and still earn reasonable profits accuses not the company, but the regulatory regime which oversees it. In the long run, competition will curb BT's profits and profits. But so long as the regulatory regime remains a virtual monopoly, tough regulation is needed.

This does not mean that OfTel, BT's regulator, should break its 1988, four-year pricing agreement with the company, that would undermine BT's incentive to keep on improving efficiency. Nevertheless, it is clear that OfTel misjudged BT's scope to boost profits. It is important to realise how the error was made and to prevent it recurring.

The next price review should involve a large one-off cut in BT's prices as well as a tightening of the cap. But the biggest defect in the regulatory system is that OfTel negotiates with BT behind closed doors.

In future, Sir Bryan should publish the detailed assumptions behind BT's price cap - a provision to that effect is needed in the forthcoming utilities bill. He should also state what he thinks to be a reasonable level of profitability, so others can challenge it. It is regrettable that Sir Bryan did not take earlier opportunities to refer BT to the Monopolies and Mergers Commission. Now, it is argued, such an investigation could hardly occur when the government is trying to sell Ebn of BT shares.

Sir Bryan should, however, make his position clear on an MMC reference before the sale. BT's regulators cannot escape political and regulatory risk but they should receive a clear assessment of the outlook. There is a danger that people will buy shares only to find their company is forced to cut prices sharply next year.

John Major needs to mobilise party support for a European deal and leave potential mutineers isolated, writes Philip Stephens

The Tory battle over Maastricht



but also sound British parliamentarians. The cabinet will be supportive. It has its conflicts. The enthusiasm for Europe of Mr Malcolm Rifkind and Mr Michael Heseltine is mirrored by the mistrust of Mr Peter Lilley and Mr Michael Howard. But Mr Major and Mr Hurd provide a natural centre of gravity, with the prime minister fractionally closer to the sceptics and Mr Hurd to the enthusiasts. The overwhelming consensus is that a deal at Maastricht is a necessary ingredient for an election victory.

The silent majority of MPs want to be at the centre of Europe but they do not want to see Brussels meddling in every nook and cranny of British life. Their business interests tell them that Britain cannot stand aside from moves towards a single currency, their patriotism tells them that the Queen must remain on the coins of the realm.

Such MPs agree with the argument of Mr Hurd that the realities of modern foreign policy mean that Britain's voice in the world has resonance only when it is part of a European chorus. They are equally aghast at the notion that a German, a Belgian or an Italian might be given a decisive say in whether British soldiers are sent to war.

They see the logic of an extension in the community's authority to areas such as the environment. Yet majority voting on the social charter is anathema. Nor, in their view, must a more integrated Community close its doors to the newly-democratised countries of eastern Europe. They are intensely jealous of the

traditions of the House of Commons, conscious that most of their European partners are relative newcomers to parliamentary democracy. But most are aware also that power cannot exist in a vacuum: the majority voting in Brussels on the single market and the nation's obligations to Nato represent a pooling rather than a sur-

With a general election at most eight months away, the casualties of renewed conflict over the Community might this time include the Conservative government

render of sovereignty. It is that complex of views - sometimes drawn from memories of empire or romantic images of cricket on the village green, sometimes from a hard assessment of the interests of the City or a local factory - which will shape Mr Major's approach.

His task is to insert these ideas into the negotiating framework for the intergovernmental conferences on economic and monetary and on political union. It will not be easy. The ambitions of many of Britain's partners - for a single currency, to extend the Community's competence and to give a much larger say to European Parliament - run far ahead of the Conservative consensus.

others want a single currency they should operate outside the Treaty of Rome. A minister whose job it is to sound out opinion estimates that 20 or 30 are irreconcilable.

But Mr Major's careful cultivation of the notion that an opt-out clause leaves the decision in the hands of a future parliament has so far won the support of the majority. Mr Aiken and Mr Teddy Taylor, another prominent sceptic, are among those who have publicly endorsed the idea.

Mr Ian Taylor, an enthusiast rather than a federalist, sees the Dutch draft as tangible proof of the benefits of the positive tone which has marked out Mr Major's approach from that of his predecessor. "It is a victory for the prime minister. It really does show that we are at the heart of Europe while leaving it to a future parliament to take the final decision".

An uncommitted colleague voices relief that a deal now looks possible. If Britain stood aside sterling's credibility in the Exchange Rate Mechanism would be undercut, foreign investors would switch their factories to continental Europe. Mr Nelson goes further: "The argument is about whether we want to be rich or poor."

A compromise on Emu is not enough. The capacity to create a chief of those implacably imposed to a single currency may depend on the concessions made on political union.

Proposals to extend the authority of the Commission, to extend majority voting to areas like foreign, immigration and judicial policy, and to give real authority to the European Parliament provide plenty of ammunition for the sceptics.

If the Commission is given authority over transport or education policy it would mean removing it from Westminster. If foreign policy or defence matters are decided by majority vote, British soldiers could be sent to war against the wishes of parliament. Any additions to the powers of the Strasbourg assembly would be subtractions from Westminster.

Mr Major sees scope for compromise. The Western European Union is being promoted as a bridge between a Community defence identity and Nato. Majority voting might be acceptable on the detailed implementation of a foreign policy agreed unanimously. The Commission might be given some competence in areas like the environment, health and education. The European Parliament could get increased authority over the Commission and a bigger say in decisions subject to majority voting.

But this approach - combining enhanced intergovernmental co-operation on foreign, defence and interior policies with a modest increase in the powers of existing institutions - does not meet the demands of Britain's partners.

Some concessions are unthinkable - on majority voting to implement the social charter and on substantive foreign policy decisions - but in other areas Mr Major will have to offer more. The prime minister acknowledged as much this week when he spoke of "hard judgements" that would have to be made in Maastricht. The message was "Trust me".

Before then he needs to change the rhetoric of the debate among Conservatives. Ministers acknowledge that too often - at last month's party conference and in recent exchanges with the Commission over environmental policy - the prime minister has sought the easy applause offered by the strident language of his predecessor. He began to reverse that this week and will continue the process during the two-day Commons debate on Europe later this month.

Mr Major needs to mobilise his party's footsolders behind a deal that will leave no more than a handful fighting under Mrs Thatcher's standard. He insists that he will not sign just anything - but if he is to be confident of winning the election he must sign something.

MAN IN THE NEWS

James Baker

Mr Fix the deal-maker goes to Madrid

By Lionel Barber

1970s. "Dr K" has always been adept at wrapping cloak-and-dagger diplomacy in broad historical sweeps. Mr Baker is distinctly unprofessional. He does not much like reading books; he drinks beer straight out of a bottle; and, in the great tradition of American lawyers, he believes that success in life largely comes down to absorbing a brief.

Nor is Mr Baker a great strategist. As one former senior Reagan administration official observed, the Middle East peace conference came about largely because of the collapse of the Soviet Union and the US victory in the Gulf war. Yet Mr Baker, the supreme pragmatist, went out of his way as White House chief of staff to temper the hard-line anti-communism of the first Reagan administration. Later, as secretary of state in the Bush administration, he was decidedly cool in his support for using military force against Iraq.

Mr Baker ranks as one of the best political operators in the US State Department in the

congressmen and senators until he closes the deal. Yet at times he can display a startling lack of judgment. In December 1989, when the Romanian revolution erupted in violence, he virtually invited the Soviet Union to consider sending in forces. In February 1991, he signed a joint statement with the Soviets which softened US war aims in Iraq. His most memorable lapse came in October 1987 when, as Treasury secretary, his incautious comments about the dollar and the D-Mark helped to trigger the stock market crash.

Yet these blemishes must be set against an impressive record of achievement. Both as team-player and leader, Mr Baker has contributed to the success of US foreign policy in the Bush administration.

Mr Baker realised earlier than most that the decline of the Soviet Union meant that the west - and particularly the US - had been dealt a very strong hand. He pushed hard for a policy of active co-operation with Moscow, disarming conservative critics and



embarking on a highly-productive relationship with Mr Edward Shevardnadze, the former Soviet foreign minister. These two men genuinely enjoyed each other's company, whether in the diplomatic salon or out at Mr Baker's hunting lodge in Wyoming. Together they laid the groundwork for peace settlements in Nicaragua, Angola and Cambodia, as well as doing yeoman work on a treaty cutting conventional arms in Europe and the strategic arms reduction treaty (START) signed this year.

Like the president, Mr Baker sets great store by personal chemistry. He worked well with Mr Hans-Dietrich Genscher during German unification (though a little less so now that the Germans have become more assertive); and he has a healthy respect for Mr Douglas Hurd, the British foreign secretary. If he has a current favourite, it might be Prince Bandar, the Saudi ambassador in Washington. Mr Baker likes Prince

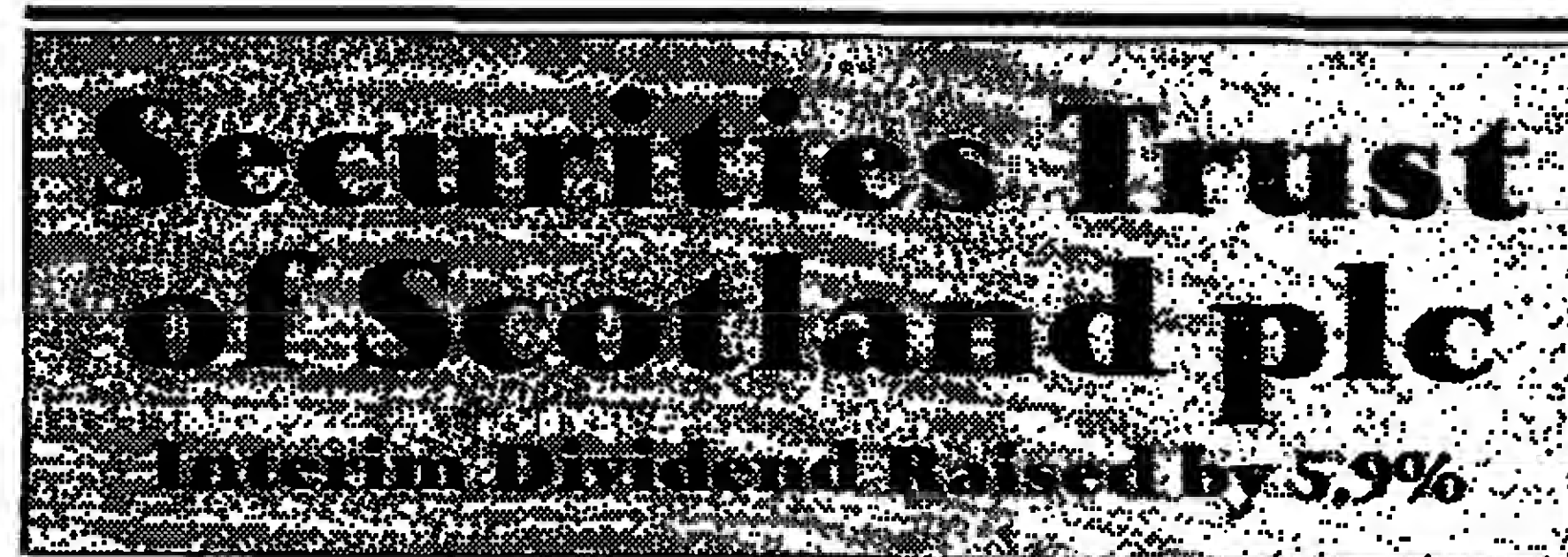
back-slapping gregariousness with a supple style of diplomacy which is, well, almost Texan in nature. Coming from one of the oldest families in Houston, Mr Baker respects the Saudi's second quality: money. With US budgetary constraints tighter than ever, Mr Baker is never short of ideas on how to put other people's money to work in support of western (and US) foreign policy goals.

Saudi Arabia also has a major role to play in the Middle East "peace process". The risk is that Syria will play the 800lb gorilla and hold the talks hostage until Israel cedes territory. Mr Baker is hoping that Saudi Arabia can act as a counterpoise to the Syrians; this would allow the most promising area of the peace talks - autonomy for the Palestinians - to unfold.

So much for theory. Mr Baker is likely to dissociate himself for a short period from the process, assuming that he can resolve last-minute differences on the site for bilateral talks. This would allow him to focus on other pressing foreign policy issues, particularly relations with the Soviet Union, which have suffered because of his pre-occupation with the Middle East.

Inevitably, the question remains: what next? Ever since Mr Baker quietly rubbished the choice of Vice-President Dan Quayle as Mr Bush's running-mate in 1988, the secretary of state has been rumoured as being interested in running for president. He denies it, and there is little doubt that he lacks the political base which would give him a launch-pad to the presidency. The only race he ever contested - attorney general in Texas in 1978 - he lost.

But this is a man who is single-minded in his pursuit of life's ambitions. He once laughed at the proposition of running in 1986, noting that he would be 66. Ah yes, replied one of his sons, but that's still three years younger than Ronald Reagan was when he campaigned in 1980.



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National Home loans expected to produce losses of up to £60m

Since the spring, NHL struck its mortgage book from £2.1bn to £1.5bn in an attempt to reduce its problems. By charging higher than prevailing mortgage market rates to its customers, it has kept its margins wide, but its operations profitably before provisions is thought to have remained flat.

Mr Smith reckons that around 20 per cent of the company's mortgage book is in arrears, but predicts that provisions could be as high as 510pm.

Nor do NHL's problems stop with the housing market. In July local authorities pulled

out their deposits out of NHL's small banking subsidiary and the large clearing banks had to mount a £200m rescue operation.

NHL has almost certainly had to pay a stiff price for this decision, which will contribute to its difficulties.

What does the future hold for the company? One suggestion is that it will shrink further and become a small mortgage processing operation on a national scale, a move which would imply huge exercise in cutting costs and staff. Another possibility is a takeover, if a buyer can be found.

MACARTHUR, the retailer and drugs manufacturer, yesterday escaped being taken over - at least until next year.

Grampian Holdings, the Scottish mini-conglomerate, said its all-paper offer, worth £35m, had been accepted by only 10.8 per cent of Macarthur's ordinary shareholders by the final close.

It seems most shareholders have decided to wait until January for the outcome of a Monopolies and Mergers Com-

BRITISH Telecommunication's pre-tax profits increased by 5.1 per cent from £1.63bn to £1.61bn for the six months to September.

BT also announced yesterday that it was raising its half-year dividend by 8.6 per cent to 5.7p, in what amounted to a statement of confidence in the business.

However, Mr Iain Vallance, the chairman, pointed out that pre-tax profits for the second quarter had fallen 0.5 per cent to £785m. This seemed designed to take the edge off criticism that the company was making excessive profits.

Mr Vallance said that a combination of the recession, growing competition and a tighter price control regime meant that turnover for the half year grew only 2.4 per cent to £6.13bn. Inland call volumes increased about 2 per cent while international volumes went up 3 per cent. Mr Vallance said there was no evidence that the recession had ended during the period covered by the results.

Capital expenditure for the half year was £1.18bn, down from £1.33bn last year. During the half-year, the number of BT employees declined by 6,900.

Property profits in the second quarter were £34m lower than in the same period of last

year. Mr Barry Romeril, finance director, said pre-tax profits would have increased if property profits had stayed at the same level.

In the past six months, BT has invested in Syncordia, its US business communications subsidiary, and continued to lose money on its stakes in McCaw, the US mobile communications group, and Mitel, the Canadian telecommunications manufacturer.

BT, however, refused to say what the impact of these international investments had been on its profits.

Earnings per share for the half-year increased 3.9 per cent to 17.4p.

holdings of up to 22 per cent each in the enlarged group.

In March, Lord Romsey paid \$2.8m or 47.5p for the 24 per cent stake in Southern owned by Crown Communications, the USM-quoted broadcasting company where he is a director.

Mr Robert Sperring, the Southern chairman, would have up to 4 per cent and Mr. Roy Hargrove, the founder of Capital Radio and director of Invicta, who has substantially underwritten the offer of Invicta shares to Southern's shareholders, could end up with 4 per cent.

Over 50 per cent of the enlarged group will be controlled by the board.

Invicta's advisers, Eberskrantz, said they were acting for the Stock Exchange for the company's enlarged share capital to move from the USM to the full market.

MR RICHARD DUGGAN, chief executive of Trade Indemnity, the troubled trade credit insurer, is to resign, the company announced yesterday.

Mr Peter Dugdale, executive chairman since 1980, will assume temporary control of Trade which is facing mounting losses as a result of the recession.

The resignation follows differences between Mr Dugdale and the board about the direction the company should take following the failure of its efforts to acquire control of the ISG, the short-term export credit arm of the BCGI. ISG's sale to the Dutch insurer, NCM, was announced in July.

In September the group passed its dividend for the first time in its 78-year history and warned that it faced another year of pre-tax losses. In May, the company launched a £38m rights issue, after announcing 1990 pre-tax

losses of £28.8m. Munich Re, the German reinsurance group, acquired a 5 per cent stake, when Prudential Corporation declined to take up its rights.

The French company, COFACE acquired a 3 per cent stake of Trade in September, and there have been other indications that Trade might become the takeover target for European rivals, potentially jeopardising its independence.

About 50 per cent of the company remains in the hands of UK composite insurers, while the Swiss reinsurer, Swiss Re, owns an 18 per cent stake in Trade which accounts for about 80 per cent of the UK trade credit insurance market.

According to associate director Mr Charles McCarty, differences between Mr Duggan and the board were only "partially related to the group's trading difficulties."

Mr Torday said the turnaround at the plant had paid up Dowling's claim to a takeover. Fixed costs had been cut by more than 40 per cent in two years, while monthly sales were 16 per cent higher than in the first half.

Torday also forecast extraordinary charges for the group of £500,000 - before bid costs. The retained loss for the year would be at least £1.5m.

On a lighter note, Mr Torday revealed that annual support for efforts to turn Oldham round. Production has just been completed on a sign for a Dowling depot.

THERE is no shortage in the UK of new chief executives being brought in to rescue troubled companies. But the sense of urgency for the new chief must be all the greater when the company that needs turning around is one of the nation's largest business empires and the chief executive he is replacing is his father.

Mr Timothy Vestey recently found himself in this sensitive situation when he took over as managing director of the Jif Group, one of Britain's largest private companies. He

which have lent to Union, not to pull the plug on the company.

Unless the banks, led by Lloyds Bank, can be convinced that it is in their interests to continue to support the company, an administrator will be appointed to attempt a rescue.

Union International is a holding company which has interests ranging from the supply of meat to truck rentals and property development.

Among its more publicly-known subsidiaries are the Jif Dewhurst high street chain of

appointment to the top position came when it was recognised that there was a need for one person to run the business on a day-to-day basis and also a need for the aide Mr Vestey and Lord Vestey to look after relations with shareholders.

Once at the helm, Mr Vestey wasted no time in restructuring Union International, introducing a divisional structure to the group which has clarified responsibilities and instilled greater attention to budgets, he says.

Staff at head office is down

Suits upturn

140%

cent below last year's level at about 270. It has taken advantage of the weaker market for land and purchased new plots at "satisfactory prices", totalling about \$4m. Borrowings increased by £2.4m to £30.3m to fund those purchases, giving gearing of 39 per cent.

Mr Terry Roydon, chief executive, said the affordability of house and mortgage to 1980 levels, but people had been holding back because of concern about job losses, a change of government and downward pressure on prices following widespread repossessions by mortgage lenders.

interesting set of circumstances to face up to."

Mr Vestey, 30, the eldest of four sons, assumed the day-to-day management of the family's business empire in June from his father, Edmund, who has retreated to the post of chairman.

At 50, Mr Vestey, who joined the company eight years ago, has been faced with the prospect of half the group having to appoint an administrator.

Union International, one of two subsidiaries of the Vestey Group's major subsidiary, Western United Investments, is in a similar position, with a £232m debt and is in imminent danger of breaching its banking covenants.

For the past week, Mr Vestey has devoted his efforts to trying to convince the 70 banks scattered throughout the world

IMPROVED conditions for a recovery in the housing market have not yet produced any signs of an upturn, according to Frowling, the Middlesex-based housebuilder which reported a 40 per cent decline in pre-tax profits, from £5.08m to £3.01m, for the half year to August 31.

The company, which focuses on the south east of England, said turnover fell 18 per cent to £19m (£23.3m). The interim dividend is maintained at 1.7p. Earnings per share declined to 2.7p (4.7p).

The group expects the number of units sold to be 10 per cent below last year's level at about 270. It has taken advantage of the weaker market for land and purchased new plots at "satisfactory prices", totalling about £4m. Borrowings increased by £3.4m to £30.3m to fund those purchases, giving gearing of 39 per cent.

Mr Terry Royton, chief executive, said the affordability of house buying had improved to 1986 levels but people had been holding back because of concern about job losses, a change of government and downward pressure on prices following widespread repossession by mortgage lenders.

Since doing so, Mr Vestey, who joined the company eight years ago, has been faced with the prospect of a new group having to appoint an administrator.

Union International, one of two subsidiaries of the Vestey Group's United subsidiary, was in United's financial straits reeling under the strain of \$423m debt and is in imminent danger of breaching its banking covenants.

For the past week, Mr Vestey has been making his efforts to try to convince the 70 banks scattered throughout the world

folio means that at the year-end Union could breach certain of its banking covenants, which stipulate that its net worth does not fall below a certain level. That stipulation is covered at least one and a half times by operating profits.

The write-down will reduce Union International's net assets to about £180m and gearing would rise to 350 per cent.

Although the group has stated that the current problems are restricted to the holding company, Mr Vestey admits that "the trading of the subsidiaries is leaving sufficient profitability to fund not only their own por-

rowings but also those of the holding company at the centre." Difficult trading conditions, such as hyper-inflation and the imposition of price controls on the high street, have plagued a number of the operations.

The problems on the trading side were compounded by a lack of strict financial controls at the holding company, which continued to borrow funds on the hope that it would be able to repay those borrowings with dividends from subsidiaries.

The debt is mostly short-term and taken on to fund the seasonal requirements of the various businesses.

Although Mr Vestey emphasises that discussions were "very lively" measures to reduce the banks involved, he admits that the problem at Union one that had already been identified last year but had not been adequately addressed.

The business was the head office of the group, Mr Vestey, his father's cousin. Elder Mr Vestey was not particularly a hands-on manager, he was "hard-working, a much greater master of detail than I suspect I am," according to his son.

Mr Vestey says that he

Management changes are already largely in place, Mr Vestey says, although additional staff with the necessary skills to address the group's problems "will be recruited."

"We want to continue this process," says Mr Vestey, "and we need the time that we have asked for to do so."

Further disposals are also expected. But unless the younger Mr Vestey has plans for substantially reducing the portfolio of companies held by Union, which has more than 100 subsidiaries, he will need to show that he has inherited the sound management of his father's pragmatic deft.

[illegible]

BDA Holdings achieves £7,000

For the half year to July 31 BDA Holdings, the property developer, architect and consulting services, achieved pre-tax profits of £7,000 compared with a loss of £1.6m last year. At the January year-end losses had increased to £21.7m.

Mr Brian Duker, chairman, said the first phase of the New

fully diluted.

Blystad £1.08m in the black half-way

Blystad Group, the offshore and onshore drilling contractor, swung from losses of £130,000 to pre-tax profits of £1.08m in the first half of 1991.

Turnover advanced to £13.6m (£10.5m) with the UK platform

**Amstrad sells
Micron stake**

Amstrad, the computer and electronics company, yesterday sold its outstanding 3.7 per cent stake in Micron Technology, the US semiconductor manufacturer, for \$13.6m.

The group bought a 9 per cent stake in 1988 at \$21 per share as part of a supply agree-

However, figures for both periods included those of discontinued activities and after stripping these out the USM group was in profit to the tune of \$36,000 (\$60,000).

**Better trading helps
Ingham to £26,000**

A gradually improving trading position helped Ingham, Hal-

depression of stock prices is made in the form of a dividend. The dividend improves the operation of the electricity pool, which is the basis of the majority of payments received by the generators. The dividend is paid through the pool. The provincial pool administrator would be responsible for the collection until final sale prices are determined and the dividend is paid after the day of trading. Pool trading is the only trading arrangement in the pool that provides an incentive to purchase prices. Final pool prices are also calculated at this time.

NGC Securities Limited

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* The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

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| FIXED INTEREST | | | | | | AVERAGE GROSS REDEMPTION YIELDS | | Fri Nov 1 | Thu Oct 31 | Year ago (approx.) | 1991 | |
|---|-----------|----------------|------------|------------------|----------------------|---------------------------------|-------|-----------|------------|--------------------|-------|-------------|
| PRICE INDICES | Fri Nov 1 | Day's change % | Thu Oct 31 | Accrued interest | Ytd adj 1991 to date | | | | | | High | Low |
| | | | | | | British Government | | | | | | |
| | | | | | 1 | Low 5 years | 8.66 | 8.56 | 10.55 | 10.14 | 16/1 | 8.43 3 1/10 |
| | | | | | 2 | Coupons 15 years | 9.23 | 9.45 | 10.87 | 10.24 | 2/1 | 9.24 18/9 |
| | | | | | 3 | 10% 10% 20 years | 9.45 | 9.67 | 11.28 | 10.45 | 2/1 | 9.24 18/9 |
| | | | | | 4 | Medium 5 years | 9.78 | 9.70 | 11.47 | 11.15 | 2/1 | 9.56 20/8 |
| | | | | | 5 | Coupons 15 years | 9.67 | 9.58 | 11.28 | 10.62 | 2/1 | 9.41 18/9 |
| | | | | | 6 | 10% 10% 20 years | 9.68 | 9.58 | 11.28 | 10.62 | 2/1 | 9.41 18/9 |
| | | | | | 7 | High 5 years | 9.98 | 9.90 | 11.58 | 11.25 | 2/1 | 9.75 20/8 |
| | | | | | 8 | Coupons 15 years | 9.76 | 9.67 | 11.50 | 10.80 | 2/1 | 9.50 18/9 |
| | | | | | 9 | 10% 10% 20 years | 9.68 | 9.60 | 11.46 | 10.67 | 2/1 | 9.41 18/9 |
| | | | | | 10 | Irremovable | 9.72 | 9.65 | 10.95 | 10.48 | 33/12 | 9.43 18/9 |
| | | | | | | Index-Linked | | | | | | |
| | | | | | 11 | Inflation rate 5% Up to 5 yrs. | 3.82 | 3.84 | 3.93 | 4.48 | 15/7 | 3.59 18/1 |
| | | | | | 12 | Inflation rate 5% Over 5 yrs. | 4.24 | 4.23 | 4.33 | 4.40 | 1/8 | 4.09 18/2 |
| | | | | | 13 | Inflation rate 10% Up to 5 yrs. | 4.22 | 4.22 | 4.32 | 4.40 | 1/8 | 4.25 19/2 |
| | | | | | 14 | Inflation rate 10% Over 5 yrs. | 4.07 | 4.06 | 4.15 | 4.22 | 15/8 | 3.90 14/2 |
| | | | | | | Dukas & Leases (61) | | | | | | |
| | | | | | 15 | Leases 5 years | 11.40 | 11.30 | 13.34 | 12.63 | 9/1 | 11.08 25/9 |
| | | | | | 16 | Leases 15 years | 11.20 | 11.11 | 12.86 | 12.38 | 18/1 | 10.84 23/9 |
| | | | | | 17 | Leases 20 years | 11.01 | 10.94 | 12.50 | 12.10 | 18/1 | 10.66 23/9 |
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| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|-------------------------|-----------|------------|----------------------------|-----------|------------|-------------------------|-----------|------------|
| Electricity | 31/12/79 | 999.65 | Telephone Networks | 30/11/78 | 317.92 | Food Manufacturing | 29/12/76 | 114.13 |
| Services | 31/12/79 | 999.65 | Electronic | 30/11/78 | 1646.65 | Food Retail | 29/12/76 | 114.13 |
| Media | 31/12/79 | 1228.68 | Other Industrial Materials | 31/12/80 | 287.41 | Insurance Brokers | 29/12/76 | 96.57 |
| Chemicals | 29/12/79 | 1265.80 | Other Industrial Products | 31/12/79 | 256.75 | Insurance Companies | 29/12/76 | 96.57 |
| Engineering-General | 29/12/79 | 496.00 | Other Groups | 31/12/74 | 63.75 | British Government | 31/12/75 | 100.00 |
| Water | 29/12/79 | 1968.45 | Industrial Group | 31/12/70 | 128.20 | Do. Index-linked | 30/12/80 | 100.00 |
| | | | | | | Do. Fixed | 31/12/77 | 100.00 |

¹ First yield. A list of components is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-Actuaries SHARE INDICES SERVICE covers a list of electronic and paper-based products relating to these indices. They are available by subscription from FINSTAT, The Finance, 42-47 Minories, London EC3A 3DE. For a complete list of components, see the Financial Times, 12th December 1980, page 10.

| NAME | DATE |
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FINSTAT, the Financial Times Statistics Service, offers a unique range of electronic information relating to the FT-Actuaries Share Indices. Your PC can now access all of the actual statistics used in calculating this important series, bringing new accuracy to your analysis. Printed details are also available. For further information contact **FINSTAT** on **071-702 0991**.

No FT...no comment.

Data source: Chief Executives in Europe 1990

FT SURVEYS

The FT proposes to publish this survey on **December 13 1991**, from its print centres in Tokyo, New York, Frankfurt, Roubaix and London. It will be read by senior businessmen and government officials in 160 countries worldwide. It will also be of particular interest to the 130,000 directors and managers in the UK, on the weekday FT. If you want to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with Scotland call

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FT SURVEYS

INTERNATIONAL COMPANIES AND FINANCE

CBS moves into red as advertising revenues decline

By Karen Zagor in New York

AFTER a delay of nearly a month in reporting third-quarter results, CBS yesterday turned in a loss of \$18.1m or \$1.11 a share from continuing operations, reflecting an additional after-tax provision of \$18.5m or \$1.23 a share for further losses from baseball and football coverage.

The US media group, which is controlled by the family of Mr Laurence Tisch, earned \$43.5m or \$1.69 a year earlier. Revenues fell 5 per cent to \$625.6m in the 1991 quarter from \$661.9m.

CBS, which paid \$1.06m for the rights to Major League Baseball three years ago, has been hit both by a drop in advertising revenues and by a surplus of sports programming created by the advent of cable television. Yesterday's write-off comes on top of last year's \$115m after-tax losses on CBS's baseball rights deal.

Mr Tisch said the proliferation of sports programming hours, particularly by cable

and the shift of traditional sports advertising dollars into less costly forms of product exposure and competing media had transformed the structure of sports television.

Looking to the fourth quarter, Mr Tisch said advertising demand showed signs of a modest improvement in prime time and day time, but "the slow and sluggish pace of this recovery is not encouraging".

In the first nine months of 1991, CBS had a net loss of \$50.2m against net income of \$35.2m, on revenues which fell 10 per cent to \$2.1bn from \$2.34bn. The company's loss from continuing operations was \$106.1m against income of \$266.8m a year earlier.

According to Mr David London, chief analyst at Wertheim Schroeder, improvements in CBS's share of the prime time and day time television markets had helped the network's fundamental position, despite the losses from sports programming.

Fokker may raise capital

By Ronald van de Krol in Amsterdam

FOKKER, the Dutch aerospace company, said yesterday it may launch an international equity offering of up to \$1.5bn (\$250m) in the first half of 1992, in a transaction that would boost its share capital by roughly 50 per cent.

The company's statement is a further elaboration of its confirmation last month that it was considering a \$300m global equity offering. At the time, it gave no firm indication of the timing of any share issue, though some analysts had predicted the offering could be made as early as the end of 1991.

The share issue is designed to raise funds towards the

development of two aircraft, the Fokker 70 and Fokker 130, to complement the company's current range of 50 and 100-seater aircraft.

Fokker said a final decision on whether to launch the Fokker 70 will be taken in the next few months, while the decision on the Fokker 130 is expected in the second quarter of next year.

As part of these deliberations, Fokker is talking with potential launch customers for both aircraft. If the company presses ahead with its development programme, the first Fokker 70 could be delivered by late 1994, followed by the Fokker 130 in 1997.

Esselte sells pay TV channel

By John Burton in Stockholm

ESSELTE, the Swedish office products group, yesterday sold its European pay TV channel FilmNet to a consortium led by the Swiss holding company Compagnie Financière Richemont, for more than \$1.5bn (\$250m).

Richemont is part of the Rembrandt tobacco and luxury goods group of South Africa. The deal, which gives Esselte a pre-tax capital gain of \$1.5bn, completes the company's divestment of its media and property assets that it began last year.

The restructuring, including

yesterday's sale, has netted \$1.35bn for Esselte, which plans to concentrate on its core business of office products in a bid to improve profitability.

The consortium of investors, which includes FilmNet's senior management, will initially buy 75 per cent of the channel, with an option on the remaining 25 per cent. Esselte has the right to demand the consortium exercise this option.

Other investors will be offered shares in FilmNet by the consortium in the near future.

Delta begins large international expansion

By Paul Betts, Aerospace Correspondent

DELTA Air Lines yesterday launched its biggest international expansion in its 62-year history with the doubling of its transatlantic flights and the opening of its new international hubs at New York and Frankfurt acquired from Pan American Airways.

The new transatlantic services are expected to add an additional \$1bn in annual revenues to Delta's current \$3bn a year turnover. Mr Ronald Allen, the airline's chairman, said yesterday they are also expected to intensify the already fierce competition on busy transatlantic routes between European carriers and increasingly expansionary United States carriers such as United and Delta.

Delta will now operate 183 round-trip flights a week across the Atlantic compared with 92 weekly round trips last month. It has added 21 cities in Europe, India and the Middle East on its schedule, with Frankfurt becoming its principal European hub serving the US, India and the Middle East.

Mr Allen said the complex transaction with Pan Am was expected to end up costing Delta "a little over \$600m". Some analysts have suggested the acquisition of the Pan Am assets and Delta's plans to invest in a 45 per cent equity stake in a restructured Pan Am, based in Miami, could cost the airline more than \$1bn.

Mr Allen believed Delta would successfully integrate the new Pan Am operations because it had the US domestic airline network Pan Am had never had to face and extensive international services, it was financially strong and it had a reputation for customer service.

Although the transatlantic expansion is likely to lead to competition between Delta and Swissair, its European partner, in which it holds a small cross-shareholding stake, Mr Allen said the Pan Am acquisition would enhance Delta's co-operation with Swissair.

The two carriers have already reached a maintenance agreement whereby Swissair will provide the heavy maintenance for the 21 Airbus A310 widebody aircraft Delta has taken over from Pan Am.

This maintenance deal is worth about \$60m a year, Delta said. Delta also has a cross-shareholding agreement with Singapore Airlines which in turn has cross shareholdings with Swissair to form a tripartite alliance. Mr Allen suggested yesterday Delta was not looking actively for new alliances.

Future of Foster's hangs in the balance

Kevin Brown on a row which may signal the break-up of the Australian beer group

AFTER a year out of the limelight, Mr John Elliott is back in the headlines following a public row this week with Mr Nobby Clark, chairman of Foster's Brewing, the Australian beer group.

The angry exchanges between the two men came as no real surprise - Mr Elliott, who gave up running Foster's last year after a boardroom shakeout, never looked happy as a passive investor in the company he transformed from an obscure jam-maker into the world's fourth largest brewer.

However, it remains unclear whether Mr Elliott will pursue his attempt to regain control of Foster's to the point of forcing a dramatic showdown at the company's annual meeting in two weeks' time.

If he does, most observers think he will win, possibly signalling a break-up of the group's brewing interests, which include Carlton and Foster's in Australia, Courage and Watney in the UK, and half of Molson in Canada.

Such an outcome might solve the financial problems of International Brewing Holdings (IBH), the private company chaired by Mr Elliott which is the biggest shareholder in Foster's. But it would be a sorry end to the group's ambition to "Fosterise the world".

Foster's problems stem from a 1989 management buy-out in which IBH, then called Harlin Holdings, intended to acquire

around 90 per cent of Foster's, then called Elders IXL, emerged with 56 per cent after many shareholders found the offer price of A\$3 per share (now equivalent to A\$2.56) too attractive to miss.

The buy-out left IBH with debt of around A\$2.75bn (US\$2.16bn), made up of A\$1.6bn to a syndicate of banks led by Hongkong Bank.

Mr Elliott avoided a debt crunch by raising A\$600m through the sale of a 17 per cent stake in Foster's to Asahi Breweries of Japan, which later purchased a further 29 per cent stake on the market.

However, the uncertainty over Foster's future caused a collapse in the share price from a peak of A\$2.44 in early 1990 to a low of A\$1.24 in January. At last night's closing price of A\$1.73, IBH's remaining 37.5 per cent holding is worth around A\$1.5bn, compared with debt of A\$2.4bn, including accrued interest.

The market reaction forced Mr Elliott to resign as chairman and chief executive, restoring some stability to Foster's by the completion of its purchase of Grand Metropolitan.

However, rumours of boardroom clashes began to circulate earlier this year, after the asset sales programme was slowed down by Mr Peter Bartels, the Foster's manager who was appointed chief executive to replace Mr Elliott.

The dispute came to a head in September, when Mr Bartels persuaded the board not to pay a final dividend after Foster's reported a net loss of A\$40m for 1990-1991, again caused by losses on disposals.

The decision cut off IBH's only source of revenue to finance interest payments. Foster's also indicated it was unlikely to pay dividends in the current year.

Mr Elliott has since been seeking a way of forcing the board to reverse its stance, prompting Mr Clark to threaten to resign unless IBH promises continued support for the existing board structure, which excludes Mr Elliott from management control.

Mr Elliott said he took "strong exception" to the threat, and warned that IBH would downgrade Foster's BB rating if Mr Elliott regained control, possibly putting the company in breach of some of the loan covenants governing its debt financing.

However, if the battle goes to a vote, IBH will win if it can add Asahi's 19.9 per cent stake to its own 37.5 per cent holding. Even if Asahi abstained, Mr Clark would have to gain the support of more than 38 per cent of the balance of the shares to win.

Both sides have had talks in Tokyo with Asahi recently, but there has been no indication of how the Japanese will vote.

Mr Koichiro Awaji, Asahi's spokesman, and Foster's director, did not respond to inquiries.

Analysts say two strategies are open to Mr Elliott if he regains control. First, he could speed up the sale of around A\$2.5bn in remaining non-core assets, or he could sell the group's A\$3bn of brewing assets.

The conclusion drawn by many observers is that Mr Elliott is trying to force the board to agree to speed up asset sales, which is unlikely to force the issue to a vote.



John Elliott: back in the headlines



Nobby Clark: had talks in Tokyo

Strong overseas side boosts Mitsubishi Motors sales

By Emiko Terazono in Tokyo

MITSUBISHI Motors, the Japanese car maker, reported a 3.8 per cent dip in its third-quarter sales, but profits rose to ¥25.1bn (\$191.5m) for the six months to end-September 1991, on a 14.9 per cent increase in sales to ¥1,217.1bn.

Brisk demand for new models, supported by a 13.7 per cent increase in domestic sales, pushed domestic market share up to 10.3 per cent. Operating costs rose sharply during the half year, although a lower tax charge allowed net profits to rise by 21.2 per cent to ¥1,680m.

Mr Bunji Date, vice-president of Mitsubishi, said Diamond-Star's borrowings of \$200m would hurt the Mitsubishi group's consolidated balance sheet, but the purchase would give rise to 11.9 per cent freedom to operate in the US.

Mr Date said he expected the loss-making Diamond Star to turn profits this fiscal year. But Mr Date said the Mitsubishi Motor group expected a fall in consolidated profits for the full year.

rose by ¥7bn. The rise in the yen increased expenses by ¥5bn, and transportation fees rose by ¥4bn.

For the full year, Mitsubishi revised down pre-tax profits, because of a further expected cost increase, to a 0.5 per cent increase of ¥50.5bn on a 5.9 per cent rise in sales to ¥12,450bn.

Mitsubishi said capital spending for the year would remain at ¥160bn.

Last month, Mitsubishi bought Chrysler's 50 per cent stake in Diamond-Star Motors, a car assembly joint venture with the US car company.

Mr Bunji Date, vice-president of Mitsubishi, said Diamond-Star's borrowings of \$200m would hurt the Mitsubishi group's consolidated balance sheet, but the purchase would give rise to 11.9 per cent freedom to operate in the US.

Macy reduces losses in fourth quarter

By Karen Zagor

R. H. Macy, the highly leveraged New York-based department store chain, yesterday said it narrowed its underlying fourth-quarter losses to \$72.3m from \$80m a year ago.

Including a one-time gain of \$1.6m in the three months ended August 3, Macy had a net loss of \$70.7m on sales of \$1.63bn, against a deficit of \$215.3m in sales of \$1.77bn for 1990, including one-time gains of \$12.4m in 1991. Macy had a net loss of \$150.2m.

Macy has taken steps to control costs, including reducing inventory. Although these efforts depressed overall sales, in 1991, the company said they had a positive effect on gross margins.

Macy has a high level of debt and said it will continue to explore ways to reduce debt and interest expense.

Marzotto acquires 77% stake in Hugo Boss

By Andrew Fisher in Frankfurt

HUGO Boss, the German men's fashion company, is changing clothes once again.

The time ownership is passing to Marzotto in a deal which will give the Italian textile and clothing company 77.5 per cent of the voting shares for \$165m.

Control of Boss has already changed once. In December, 1989, Mr Jochen and Mr Uwe Holy, the two brothers who founded the company, sold a controlling interest to Leyton House, a privately owned Japanese company which specialises in sports and leisure wear.

Marzotto said that the acquisition of Hugo Boss would increase its group turnover from just over \$1.1bn to nearly \$1.7bn, of which approximately \$1bn would be in clothing, and the remainder in accessories.

Marzotto ranks among the largest textile and apparel manufacturers in the world. Last year, Boss raised sales by 4 per cent to DM921m

(\$542m), but suffered a 22 per cent slide in net profits to DM26m.

It has encountered problems in the US where it bought a big clothing company in 1989. J. P. Morgan, the US investment bank advising Marzotto - a quoted company controlled by the Marzotto family - said the transaction should be completed by the end of the year.

It added that Marzotto did not intend to make a public tender offer for the remaining Boss shares.

Marzotto, which has more than tripled its turnover since 1984 through acquisitions, is acquiring a 63.7 per cent voting stake directly from Leyton House and an option to buy a further 13.8 per cent.

The deal does not include Boss's preference shares. The transaction is subject to certain conditions, which include the clearance by both US and German anti-trust authorities.

WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change on week | Year ago | High 1991 | Low 1991 |
|------------------------|---------------|----------------|----------|-----------|----------|
| Gold per troy oz. | \$357.85 | -4.30 | \$376 | \$392.25 | \$353.55 |
| Silver per troy oz. | 235.40 | -5.25 | 245 | 262.50 | 232.50 |
| Aluminium 99.7% (cash) | \$1155 | -22.50 | \$1177.5 | \$1197.5 | \$1099.5 |
| Copper Grade A (cash) | \$1355.5 | -15.5 | \$1347 | \$1472 | \$1241.0 |
| Lead (cash) | \$232.5 | -2.5 | \$235 | \$242.5 | \$227.5 |
| Nickel (cash) | \$7450 | +67.5 | \$6850 | \$7322.5 | \$7322.5 |
| zinc SHG (cash) | \$981.5 | -12 | \$1293 | \$1430 | \$890.25 |
| Tin (cash) | \$220.22 | -0.3 | \$221.2 | \$230 | \$194 |
| Cocoa Futures (Mar) | \$794 | -10 | \$788 | \$815 | \$759 |
| Coffee Futures (Jan) | \$537 | -0.16 | \$538 | \$513 | \$482 |
| Sugar (LDP Raw) | \$233.5 | -0.3 | \$231.2 | \$239 | \$194 |
| Barley Futures (Jan) | \$117.90 | -0.05 | \$117.40 | \$121.50 | \$107.75 |
| Wheat Futures (Jan) | \$121.55 | -0.75 | \$119.35 | \$141.10 | \$111.80 |
| Cotton Futures A Index | \$65.85 | -1.40 | \$68.00 | \$68 | \$55.85 |
| Wool (44 Super) | \$37.5 | -29 | \$40.00 | \$42.10 | \$35.00 |
| Oil (Brent Blend) | \$22.375 | +0.475 | \$24.05 | \$26.15 | \$16.75 |

Oil prices unless otherwise stated. Refined oil prices are in US dollars per barrel. All other prices are in US dollars per unit.

London Markets

| SPOT MARKETS | Latest prices | Change on week | Year ago | High 1991 | Low 1991 |
|------------------------------------|---------------|----------------|----------|-----------|----------|
| Crude oil (per barrel FOB) | 0 | 0 | 0 | 0 | 0 |
| Distillate oil (per barrel FOB) | 0 | 0 | 0 | 0 | 0 |
| Brent Blend (diesel) | \$22.30-2.40 | +0.45 | \$24.05 | \$26.15 | \$16.75 |
| WTI 11 (oil west) | \$23.65-3.17 | +0.40 | \$25.00 | \$27.10 | \$17.00 |
| Oil products | | | | | |
| INVE prompt delivery per tonne CIF | 0 | 0 | 0 | 0 | 0 |
| Promium Gasoline | \$242.24 | -2.5 | \$245 | \$250 | \$230 |
| Gas Oil | \$167.00 | -0.5 | \$168.00 | \$170.00 | \$150.00 |
| Heavy Fuel Oil | \$69.91 | +4 | \$70.00 | \$72.00 | \$60.00 |
| Naphtha | \$218.221 | +4 | \$220.00 | \$222.00 | \$200.00 |
| Petroleum Argus Estimates | | | | | |

Oil prices unless otherwise stated. Refined oil prices are in US dollars per barrel. All other prices are in US dollars per unit.

| COCOA - London FOX | | | | YTD |
|--|-------|----------|----------|-----|
| | Close | Previous | High/Low | |
| Dec | 750 | 739 | 753/742 | |
| Mar | 794 | 783 | 794/783 | |
| May | 816 | 806 | 816/806 | |
| Jul | 829 | 822 | 830/838 | |
| Sep | 830 | 853 | 863/855 | |
| Dec | 863 | 875 | 887/880 | |
| Mar | 905 | 898 | 906/903 | |
| May | 902 | 914 | 922 | |
| Sep | 854 | 944 | 960/950 | |
| Indicator: 3488 (2047) lots of 10 tonnes | | | | |
| ICCO inventory prices (\$DPS per tonne). Daily price for Oct 31 963.05 (\$98.82) 10 day average for Nov-1 833.75 (\$97.46) | | | | |

| COFFEE - London FOX | | | | YTD |
|---------------------|-------|----------|----------|-----|
| | Close | Previous | High/Low | |

LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tailsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ‡ Bargains done the previous day.

British Funds, etc.

No. of bargains included 231

Exchange 10% 2000 - £106 1/4

Guaranteed Overseas Finance PLC

12% 2000 - £116 1/4

10% 2000 - £116 1/4

10% 2000 - £116 1/4

10% 2000 - £116 1/4

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LONDON STOCK EXCHANGE

BT helps to unsettle the equity sector

By Terry Byland, UK Stock Market Editor

THE SPEECH in the City on Thursday evening by Mr Norman Lamont, the UK Chancellor of the exchequer, did little to bolster the London stock market's hopes for early economic revival. However, government bonds reacted to his comments on ECU funding prospects with losses of more than half a point.

On the corporate front, uncertainties over the outlook for economic recovery were fuelled by a disappointing profit and trading statement from BT, formerly British Telecommunications, which said that "the economic environment in the UK remains subdued". Yesterday's fall of 1.5 points in the FT-SE index was a part of a reflection of losses in BT, in Wellcome and in ICI also dis-

as 16.5 down at 2,549.5, with dealers wary of the loss of the 2,550 mark. The week's first leg of the two week equity account, has seen the market recover less than half of the loss of the previous week. Sentiment has been awayed by views on whether or not the domestic economy is beginning to recover from the recession.

Optimism was set in train at the start of the week by a relatively hopeful survey of business opinion by the Confederation of British Industry. However, trading results later in the week from a selection of Britain's leading companies offered a more uncertain view of the economic outlook and the Footsie topped out at 2,550 on Thursday. Market strategists have noted cautiously that customer business

in equities has been cautious, continue to take a wary view. Several important sectors of the market suffered further losses yesterday. Oil shares could make little recovery from losses suffered after suggestions that earnings could be hit by insurance costs. Bank shares continued to fall in the wake of warnings from UK brokerage houses on developments in the housing market.

Opinions among UK market strategists on the outlook for the market varied from cautious to downright negative.

Mr Nicholas Knight of Nomura Research, who has moved from being the market's bear over the past few months, entitled his latest note to clients "Confidence returns - Sell".

FINANCIAL TIMES STOCK INDICES

| | Nov 1 | Nov 2 | Nov 3 | Nov 4 | Nov 5 | Nov 6 | Nov 7 | Nov 8 | Nov 9 | Nov 10 | Nov 11 | Nov 12 | Nov 13 | Nov 14 | Nov 15 | Nov 16 | Nov 17 | Nov 18 | Nov 19 | Nov 20 | Nov 21 | Nov 22 | Nov 23 | Nov 24 | Nov 25 | Nov 26 | Nov 27 | Nov 28 | Nov 29 | Nov 30 |
|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Government Secs | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 | 86.56 |
| Fixed Interest | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 | 86.54 |
| Ordinary Share | 1952.7 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 | 1952.3 |
| Gold Mines | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 | 161.2 |
| FT-SE 100 Share | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 | 2549.5 |
| FT-SE Euroshare 200 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 | 1152.351 |

| | Nov 1 | Nov 2 | Nov 3 | Nov 4 | Nov 5 | Nov 6 | Nov 7 | Nov 8 | Nov 9 | Nov 10 | Nov 11 | Nov 12 | Nov 13 | Nov 14 | Nov 15 | Nov 16 | Nov 17 | Nov 18 | Nov 19 | Nov 20 | Nov 21 | Nov 22 | Nov 23 | Nov 24 | Nov 25 | Nov 26 | Nov 27 | Nov 28 | Nov 29 | Nov 30 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Ord. Div. Yield | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 | 4.93 |
| Earning Yld % (all) | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 |
| P/E Ratio (all) | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 |
| SEAG Bergey 4.45pm | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 | 23.461 |
| Equity Turnover (all) | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 | 970.01 |
| Equity Bargainer | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 | 23.464 |
| Shares Traded (mjt) | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 | 482.0 |

FT-SE Euroshare 200, Hourly changes: Day's High 1155.87, Day's Low 1150.88

Open: 1153.28, 10 am: 1153.21, 11 am: 1153.21, 12 pm: 1153.21, 1 pm: 1153.21, 2 pm: 1153.21, 3 pm: 1153.21

FT-SE 100, Hourly changes: Day's High 2550.0, Day's Low 2544.0

Open: 2550.0, 9 am: 2550.0, 10 am: 2550.0, 11 am: 2550.0, 12 pm: 2550.0, 1 pm: 2550.0, 2 pm: 2550.0, 3 pm: 2550.0

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Open: 1153.28, 10 am: 1153.21, 11 am: 1153.21, 12 pm: 1153.21, 1 pm: 1153.21, 2 pm: 1153.21, 3 pm: 1153.21

FT-SE 100, Hourly changes: Day's High 2550.0, Day's Low 2544.0

Open: 2550.0, 9 am: 2550.0, 10 am: 2550.0, 11 am: 2550.0, 12 pm: 2550.0, 1 pm: 2550.0, 2 pm: 2550.0, 3 pm: 2550.0

FT-SE Euroshare 200, Hourly changes: Day's High 1155.87, Day's Low 1150.88

FT MANAGED FUNDS SERVICE

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Continued on next page

For Canadian Insurance see **Reinsola Life Assurance**

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● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 38p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2126.

MANAGED FUNDS NOTES

Prices are in U.S. dollars unless otherwise indicated and share designated \$ with no prefix refers to U.S. dollars. Yield % allow for all taxing expenses. Prices of certain older insurance-linked plans subject to capital gains tax on sales & distributions free of U.K. taxes. * Includes insurance policies. † Some performance figures, as designated by the Luxembourg authorities, are based on the Collective Investment Scheme in the Grand Duchy of Luxembourg. ‡ Includes all expenses except agent's commission. § Price of the fund's price at 5 p.m. on 31st December. ¶ Yield refers to the fund's yield for the year ending 31st December. ** Yield refers to the fund's yield for the year ending 31st December. †† Funds not SIC recognized. The regulatory authorities for these funds are: Germany: Finanzamt Services Company; Ireland: Central Bank of Ireland; Isle of Man: Financial Services Commission; Luxembourg: Commercial Relations Department, Luxembourg; Jersey: Monetary Law Department.

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| 12.90 | |
| 11.20 | -0.10 |

1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice" and "The Hon. Mr. Justice".

● Latest Share Prices are available on FT Cityline. Calls charged at 30p/minute (cheap rate) and 45p/minute at all other times. To obtain your free Share Code Booklet ring 071-925-2122

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● Latest Share Prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Share Code Booklet ring 071-925-2128

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|----|-----------------------|----|----|------|-----|
| 14 | Greenwich Ex Libris | 17 | | | |
| 15 | Greenwich Res Sp | 18 | +1 | Q20: | 2.0 |
| 16 | Hemlock Gold 40 lines | 19 | 45 | Q20: | 1.3 |
| 17 | Honesty Mielag SL | 20 | 59 | -1 | |
| 18 | Horrida West | 21 | 52 | | |
| 19 | Kells Miss 15p | 22 | 40 | +2 | |
| 20 | Kennare 15p | 23 | 74 | | |
| 21 | Nancy Reserves | 24 | 16 | | |
| 22 | Northgate Expt. CSI | 25 | 60 | -4 | |
| 23 | North West Expt | 26 | 58 | | |

| | | | | | |
|----|------------------------|------|------|-----|-----|
| 17 | Prudential Gold (R 20) | 1.1 | | | |
| 18 | Prudential Mining 20 | 1.8 | | | |
| 19 | PUT 10p | 25.1 | 19.5 | 1.7 | 4.7 |
| 20 | Putman 10p | 5.5 | | | |
| 21 | Putman Hedge 5p | 1.1 | | | |
| 22 | Putman P. Pac. 10p | 3.1 | | | |
| 23 | Putman Young Reg. 10p | 1.1 | 5.2 | 1.8 | 6.2 |

NOTES

Change dealing classifications are indicated to the right of the names: A Alpha refers to shares traded through SEAG, B Beta refers to shares traded through the market, C Gamma refers to shares traded through two marketmakers and with a normal market size of more, based on experience of how many of its shares are typically held. D Delta refers to all other shares. E refers to shares that are not traded through SEAG, but are based on bid-ask, bid-ask, mid prices, unless otherwise noted.

taxation, profits are allocated to partners in proportion to their ownership interests. Profits are based on latest annual reports and accounts and, where necessary, adjusted. Earnings and P/E are calculated on a consolidated basis. Dividends are calculated on distribution basis, earnings per share being computed on the basis of the weighted average number of shares outstanding and the earnings per share after applicable taxes. If the company has a "net" distribution, covers are based on the number of shares outstanding after the payment of a tax, excluding exceptional profits/losses but, estimated extent of offsettable A/C. Yields are based on the average closing price of 25 prior trading days. Dividends are based on the number of shares of declared dividend and rights.

Notes: Values shown are for the year of investment unless otherwise indicated. The percentage discounts represent (Pm - 1) to the current pre-closing share price. The percentage discounts are based on convertible and warrants exercised if dilution occurs.

Stocks:

1. Yields marked here have been adjusted to allow for taxes for cash

2. Dividends reported or expected for the current year in cases reduced, suspended or deferred

3. Dividends reported or expected for the current year to non-residents on application

4. Dividends reported may be subject to withholding tax

5. Difficultly UK listed; dealings performed under rule

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...us or other official estimates for 1990-91. 6. Assumed that after deducting prospectus or other official estimates and yield based on prospectus or other official estimates, the difference is the amount of the dividend. 7. Dividend based on prospectus or other official estimates for 1990-91. 8. Estimated annualized dividend based on prospectus or other official estimates for 1990-91. 9. Estimated annualized dividend based on prospectus or other official estimates for 1990-91. 10. Estimated annualized dividend based on prospectus or other official estimates for 1990-91. 11. Estimated annualized dividend based on prospectus or other official estimates for 1990-91. 12. Estimated annualized dividend based on prospectus or other official estimates for 1990-91. 13. Estimated annualized dividend based on prospectus or other official estimates for 1990-91. 14. Estimated annualized dividend based on prospectus or other official estimates for 1990-91. 15. 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is available to companies whose shares are regularly traded on the London Stock Exchange for a fee of £1,150 a year for each company, subject to the Editor's discretion.



World cup winners: England's rugby captain Will Carling is the centre of attention from journalists, with today's final at Twickenham the biggest sporting event in the British Isles since the 1966 football world cup. Black market tickets for the game are expected to fetch more than £700 each and the match is being televised live in 70 countries. The competition is likely to make a profit in excess of £20m. Sweet profits. Page 4: Preview, Weekend X

Many students to be exempt from planned UK council tax

By Alison Smith

HUNDREDS of thousands of students in Britain will be exempt from the proposed council tax under a new concession announced yesterday by Mr Michael Heseltine, environment secretary.

As he launched the council tax bill, Mr Heseltine claimed that the opposition Labour party had a vested interest in retaining the existing community charge or poll tax.

The government now plans to exempt from the council tax student hostels, halls of residence and other properties with entirely student households. Some 650,000 students are in full-time education.

The government has already said that students living in households with non-students will be eligible for 25 per cent

personal discounts. The National Union of Students said: "We welcome anything that reduces the financial burden on students who are now outside the benefit system and are increasingly left to rely on loans."

Ministers faced a warning from some local authorities that the bill to replace the poll tax with a charge based on eight bands of property values could undermine the timing of the valuation exercise and perhaps the introduction of the new tax itself.

Mr Heseltine is committed to the introduction of the council tax in April 1993, and intends that the bill, which comprises 117 clauses and 14 schedules, should be through parliament by next March.

He said Labour wanted "to keep the poll tax in place, because within the poll tax regime they hope to be able to put up expenditure and blame the government".

His accusation was branded "utter nonsense and barefaced cheek" by Mr Bryan Gould, the shadow environment secretary. "It shows he is already worried that the timetable cannot be met," he added.

While Labour MPs welcomed the fact that details of the banding arrangements were contained in the bill, the Labour-controlled Association of Metropolitan Authorities said that because these could be amended - for example to provide for the regional banding favoured by some Tory MPs - there was now a ques-

tion mark over valuation work done before the bill was approved by parliament. Councils are already tendering for the valuations.

Mr Michael Portillo, local government minister, announced that a specific grant of £86m to meet 75 per cent of the estimated £155m revenue cost of implementing the new tax would be provided from within the £33.1bn for local government spending from central government grants and the business rate.

The department of the environment said start-up costs faced by councils would be taken into account in the provisional criteria for capping local authority expenditure.

Details, Page 3

Japan sees sharp rise in trade surplus

By Steven Butler in Tokyo

JAPAN posted a record monthly trade surplus in September of \$10.9bn (£6.30bn), 41 per cent higher than a year ago.

At the same time, long-term capital inflows hit a one-month record of \$14.1bn, according to the Ministry of Finance.

Until this year, Japan had not been a net importer of long-term capital since 1980. The sharp reversal of this trend has raised the prospect of increased friction with trading partners and has fuelled concern about the shortage of international capital to fund a recovery in the US economy or the rebuilding of the Soviet Union.

The increase in long-term capital inflows was accounted for mainly by a sharp rise in foreign purchases of Japanese equities. Foreigners were net purchasers of Japanese shares worth \$3.1bn, compared with \$4.47bn in August and net sales of \$1bn a year ago. The balance was also affected by a slowdown in Japanese net purchases of foreign bonds and in the flow of direct overseas investment.

A combination of a high current account surplus and record capital inflow, which brought \$22.89bn into Japan in one month, is widely seen as supporting the recent strengthening of the yen.

However, analysts say the yen exchange rate could prove volatile as the market is buffeted by the expected lowering of Japanese interest rates, which should depress the currency, and the continuing high level of the trade surplus, which should support it.

TSW action may hit franchise process

By Raymond Snoddy

TELEVISION South West, the ITV company which lost its west of England franchise in last month's competitive tenders, said yesterday it was seeking a judicial review of the decision by the Independent Television Commission.

TSW is the first of the losers to seek leave for a judicial review, but others are expected to follow, putting pressure on the ITC to justify its decisions.

If legal actions develop, the process of handing over licences could be disrupted and ITV weakened in the run-up to the new franchise period, which starts in 1993.

Four ITV companies lost their franchises and many other applicants failed to clear

the initial quality threshold. Among the most likely to seek a review is TVS Entertainment, which lost its southern England franchise.

Mr Harry Turner, chief executive of TSW, said yesterday: "We believe that we have made a bid and application that was honest, fair and credible."

TSW bid £16.17m for its franchise but, the ITC decided, it did not appear the company could maintain its service throughout the 10-year franchise period. But Mr Turner said: "We knew we would and could."

The licence was offered to Westcountry Television, which bid £7.8m.

TSW is expected to file an

appeal next week and may serve a writ on the ITC preventing it formally giving the licence to Westcountry until the issue is resolved.

TSW decided to take the action at a board meeting on Thursday after the unsatisfactory meeting at the ITC. The commission said it was not prepared to discuss the grounds for rejecting TSW's bid.

TSW will argue that the commission's decision was an unreasonable one.

Mr Rudolf Agnew, chairman of TVS, which was rejected because its bid of \$80m was considered too high, is also seriously considering seeking a judicial review.

He described a meeting at the ITC yesterday as "highly unsatisfactory and unreasonable". Mr Agnew said he was unable to discover the grounds on which TVS was refused a licence.

TVS wants the ITC to justify its view that the company could not sustain its service when its shareholders include Time Warner, Canal Plus and Associated Newspapers, some of the world's largest media companies.

If TSW is given leave to proceed, the chances would increase that other companies such as Thames, CPT-TV (the Richard Branson/David Frost consortium) and TV Northern Ireland would follow suit.

BT prices

Continued from Page 1

Ortel will face pressure from BT's institutional shareholders to sell out its plans for regulating the company's prices before the government's £5bn BT share sale next month.

The institutions are unhappy that they may buy shares only to find that the company is forced to cut its prices and profits next year.

The Ortel official said Sir Bryan might make a statement before the sale on how BT's prices would be regulated.

But he said this would explain the procedure to be followed rather than contain any details.

Institutions also complained that a false market was being

created in BT's shares by the way Warburg was pressing them not to sell their current stakes before the government sale.

A government financial adviser said institutions which "dumped" shares in the market now should not expect to be able to buy them back in the share sale.

BT's share price fell 15 1/2p yesterday to 365 1/4p, reflecting concern among investors about future regulation and lower than expected profits.

The company's finance director, Mr Barry Romeril, claimed that it was earning average profits compared with the rest of British industry.

Mideast

Continued from Page 1

Syrian foreign minister, replied by brandishing a copy of a letter dated 1940, when he was accused by the British authorities of terrorist activity.

"He himself recognised that he was a terrorist, that he practised terror," Mr al-Sharaa said.

The exchanges exacerbated a procedural row which has jeopardised the bilateral negotiations between Israel and its Arab neighbours scheduled to begin tomorrow. Israel continued to insist last night on moving the meetings to the Middle East - including Israel - after initial opening sessions in Madrid.

Mr al-Sharaa, rejected the Israeli proposal and said it had not been decided when the bilateral talks would begin. The Palestinian delegation said it was ready to hold a meeting tomorrow, but joined Syria in opposing any move to Israel.

Mr Baker was dismayed by the upsurge that engulfed the conference. In his closing statement, which followed an unscheduled two-hour break prompted by the heated atmosphere, the secretary of state emphasised the importance of convening the meeting in the first place.

He told delegates: "This has been a start, a good start, an historic start that has broken old taboos. But it is only a start and that's not good enough."

"You must not let this start become an end. When you walk out these doors, you

carry with you great responsibilities. You carry with you the responsibility to your peoples to seek peace. You carry with you the responsibility to the world to build a comprehensive and just peace."

Mr Baker and Mr Boris Pankin, the Soviet foreign minister who co-chaired the conference, worked behind the scenes in Madrid to achieve a compromise on the venue for the bilateral talks.

The secretary of state warned the participants: "From the perspective of the co-sponsors - and indeed from the perspective of most of the rest of the world - it would be very difficult to understand how a party could now refuse to attend bilateral negotiations simply because of a disagreement over the site of those negotiations."

Mr Baker said he was disappointed that neither side had offered any of the confidence-building measures he had urged on them, such as a freeze on constructing Jewish settlements in the occupied territories and an end to the Arab economic boycott of Israel.

"Don't wait for the other side to start. Each of you needs to get off the mark quickly," he said.

In the final session of the three-day conference, intended for summing-up statements, Mr Shamir and Mr al-Sharaa declared a commitment to peace and said they wanted to avoid historical polemics. But each immediately launched vitriolic attacks on the other.

CHIEF PRICE CHANGES YESTERDAY

| FRANKFURT (Dm) | | Paris (Franc) | |
|----------------------------|-----------------|-------------------|------------|
| Alcatel | 834 + 17 | Alcatel | 124 + 11 |
| Airbus | 800 - 20 | BS Group | 130 + 4 |
| Boeing | 715 - 11 | Bombardier | 64 + 4 |
| Bois | 398 - 6 | Bombardier | 3850 + 200 |
| Schindler | 569 - 9 | Comptel | 282 + 16 |
| Volkswagen | 326.6 - 7.9 | Harvey & Thompson | 204 + 24 |
| New York (\$) | | March 1991 | |
| Am Home Prods | 75 1/2 + 2 | Murray Enterprise | 68 + 21 |
| Johnson | 10 1/2 + 3/8 | Pratt & Whitney | 80 + 10 |
| Pharm | 69 1/2 - 2 | Saburay (J) | 347 + 12 |
| McCaw | 29 - 1/2 | Tokyo (Yen) | |
| UAL | 130 1/4 - 2 1/2 | Katsumata | 1330 + 100 |
| Volvo | 19 1/2 - 1 | Lead | 571 + 41 |
| New York prices at 12:30pm | | Olefin Steel | 50 + 43 |
| Tokyo (Yen) | | Tokai Steel | 800 + 62 |
| Katsumata | 1330 + 100 | Yusui Trading | 438 + 33 |
| Lead | 571 + 41 | Yusui Trading | 1300 - 100 |
| Olefin Steel | 50 + 43 | | |
| Tokai Steel | 800 + 62 | | |
| Yusui Trading | 438 + 33 | | |
| Yusui Trading | 1300 - 100 | | |

WORLDWIDE WEATHER

Today: a dry, bright start in sheltered eastern and central areas but showers in most western and northern districts will extend to all parts during the morning. Over northern England, Wales and Northern Ireland there will be longer periods of rain. Outlook: unsettled with blustery showers and long periods of rain.

| Area | Temp | Wind | Cloud | Area | Temp | Wind | Cloud |
|----------------|------|------|-------|------------|------|------|-------|
| Amsterdam | 10 | 10 | 10 | London | 10 | 10 | 10 |
| Antwerp | 10 | 10 | 10 | Madrid | 10 | 10 | 10 |
| Birmingham | 10 | 10 | 10 | Moscow | 10 | 10 | 10 |
| Bombay | 10 | 10 | 10 | Paris | 10 | 10 | 10 |
| Buenos Aires | 10 | 10 | 10 | Rome | 10 | 10 | 10 |
| Calcutta | 10 | 10 | 10 | Sydney | 10 | 10 | 10 |
| Cairo | 10 | 10 | 10 | Tokyo | 10 | 10 | 10 |
| Chennai | 10 | 10 | 10 | Washington | 10 | 10 | 10 |
| Columbo | 10 | 10 | 10 | Wellington | 10 | 10 | 10 |
| Dhaka | 10 | 10 | 10 | Yokohama | 10 | 10 | 10 |
| Delhi | 10 | 10 | 10 | | | | |
| Dubai | 10 | 10 | 10 | | | | |
| Edinburgh | 10 | 10 | 10 | | | | |
| Fukuoka | 10 | 10 | 10 | | | | |
| Glasgow | 10 | 10 | 10 | | | | |
| Hankow | 10 | 10 | 10 | | | | |
| Hong Kong | 10 | 10 | 10 | | | | |
| Kobe | 10 | 10 | 10 | | | | |
| Kuala Lumpur | 10 | 10 | 10 | | | | |
| London | 10 | 10 | 10 | | | | |
| Lyons | 10 | 10 | 10 | | | | |
| Manila | 10 | 10 | 10 | | | | |
| Medan | 10 | 10 | 10 | | | | |
| Mumbai | 10 | 10 | 10 | | | | |
| Nagasaki | 10 | 10 | 10 | | | | |
| Osaka | 10 | 10 | 10 | | | | |
| Perth | 10 | 10 | 10 | | | | |
| Port of Spain | 10 | 10 | 10 | | | | |
| Prague | 10 | 10 | 10 | | | | |
| Rangoon | 10 | 10 | 10 | | | | |
| Reykjavik | 10 | 10 | 10 | | | | |
| Rio de Janeiro | 10 | 10 | 10 | | | | |
| Rosario | 10 | 10 | 10 | | | | |
| Sao Paulo | 10 | 10 | 10 | | | | |
| Seoul | 10 | 10 | 10 | | | | |
| Shanghai | 10 | 10 | 10 | | | | |
| Singapore | 10 | 10 | 10 | | | | |
| Sofia | 10 | 10 | 10 | | | | |
| Stockholm | 10 | 10 | 10 | | | | |
| Sydney | 10 | 10 | 10 | | | | |
| Taipei | 10 | 10 | 10 | | | | |
| Tientsin | 10 | 10 | 10 | | | | |
| Ulaanbaatar | 10 | 10 | 10 | | | | |
| Yokohama | 10 | 10 | 10 | | | | |

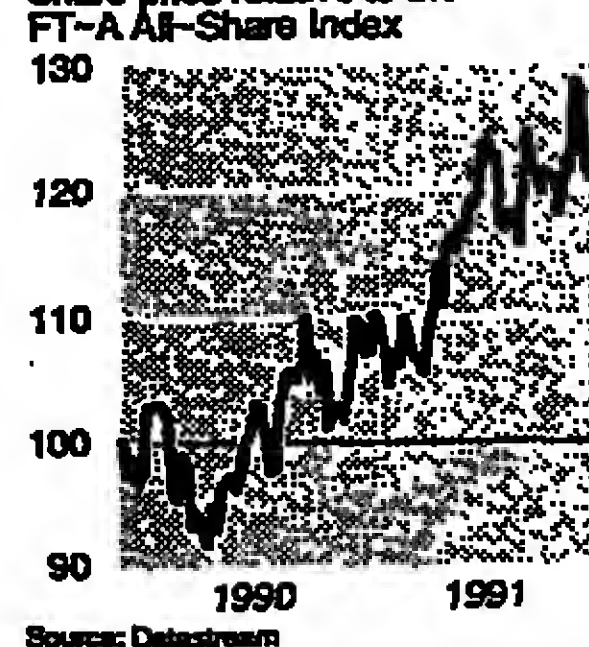
THE LEX COLUMN

Interference on the BT line

FT-SE Index: 2,549.5 (-16.5)

BT

Share price relative to the FT-SE All-Share Index



It is becoming *de rigueur* for managers of privatised utilities to don hair shirts and adopt pained expressions at being misunderstood. But the debate over BT's profitability threatened to obscure the real significance of yesterday's interim results. For the first time since privatisation, BT has not demonstrated effortless progress. In the second quarter, turnover grew by less than 1 per cent as the recession and greater competition bit into call volumes. Only rigorous pressure on costs kept profits moving gently ahead, even if the underlying picture was slightly better than it appeared (a £40m property sale distorted last year's figures).

The company was happy to use the excuse of the forthcoming secondary sale to avoid commenting on the future. Given that its shares fell by 4 per cent anyway, perhaps that was just as well. It is open to question whether BT will manage real earnings growth this year or next. It can do nothing to stop the downward momentum of prices, while the environment in which it operates is more broadly disinflationary when one considers technological and regulatory pressures. Capital expenditure is falling, and to make matters worse the lower prices introduced in September have not apparently stimulated greater usage.

One implication of all this is that the dividend will become the key attraction of BT shares, which will in future have to rely more on the market average to compensate for slow or non-existent earnings growth. The interim payment was increased by 8.6 per cent, supposedly as a sign of confidence, but more likely as an inducement to would-be shareholders.

dollar has fallen 4 pennings to DM4.620 in Europe over the past week, so the markets are not expecting a long wait.

TV companies

TSW's announcement yesterday that it will seek a full judicial review of the decision to take away its TV franchise is good news for the lawyers, it looks like a protracted waste of money for shareholders. TSW, like TVS, may have no other means of pursuing its life after death - but unlike the present incumbent of the south and south-east area, share price last night for TSW: 5p) it at least appears to have some residual value. The same goes for the other two losers, TV-am and Thames. The former's intentions are still unclear, but if run for cash till the current licence expires next year, a break-up could provide net assets of as much as 120p per share. Thames will survive as an independent production company and has a valuable brand - but there is too much uncertainty to buy the shares at current levels.

UK construction

It wouldn't do to count on it, but company directors sometimes know a thing or two where their own businesses are concerned. It is therefore quite striking that board members of some of the UK's leading construction companies have been net buyers of their own shares in the last few weeks. According to County NatWest, which keeps an eye on such developments, the chairman, finance director and one other director of Costain bought 15,000 shares between them at prices ranging from 61p to 77p (against last night's close of 74p), the chairman, chief executive and finance director of Taylor Woodrow snapped up stock at between 161p and 185p (compared with last night's close of 184p), and the finance director of Wimpey acquired 15,000 shares at 155p (against 162p in the market yesterday).

Stripping out options, rights issues and nil paid shares there were more board buyers than sellers in the construction sector in three out of the last four months. In the six months to June (which included a false dawn in the stock market) the directors were predominantly sellers. Having underperformed the market by 25 per cent over 12 months and by almost 50 per cent over three years, the contractors clearly think they are in for better times.

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Weekend FT

Weekend November 2/November 3 1991

SECTION II

IT WAS an extraordinary tale of two people, two places and two cultures. It began in 1913 with a letter from a 25-year-old Indian clerk to G.H. Hardy, mathematics don at Trinity College, Cambridge.

The clerk, a stubborn, squat eccentric with little formal education, sought Hardy's views on various theorems. He was soon to be brought to Cambridge, hailed as a mathematical genius in a tradition stretching back through Newton to Euclid, and to die at the age of 32 leaving behind several thousand formulae, written in three notebooks and on scrap paper. His story, that of an "inscrutable intellect and a simple heart," is now told in the first full-scale biography of Srinivasa Ramanujan.

First, the letter to Hardy. "I beg to introduce myself to you as a clerk in the accounts department of the Port Trust Office at Madras on a salary of only £20 per annum," wrote Ramanujan. "I have not trodden through the conventional regular course which is followed in a regular university course but I am striking out a new path for myself."

The letter went on for 10 pages, each filled with formulae, "most of them wild or fantastic-looking, one or two already well known, laid out as though they were original."

Ramanujan, it was learnt later, had already written to two other distinguished Cambridge mathematicians, H.F. Baker and E.W. Hobson, but both had declined to help. Now Hardy, only 36, but already at the height of his powers, had to decide whether the letter was a hoax from some recent graduate or the work of a genius.

Hardy remarked of the theorems: "I had never seen anything in the least like them before. A single look at them is enough to show that they could only be written down by a mathematician of the highest class... they must be true because, if they were not true, no-one would have the imagination to invent them."

In the second paragraph of his introductory letter, Ramanujan said the 18th century Swiss scholar, Leonhard Euler, and many other great mathematicians were wrong to think that the terms in the gamma function could not have negative values. This function extends the idea of factorials to numbers other than whole numbers. (Thus, factorial 4 simply equals $4 \times 3 \times 2 \times 1$. Factorial 4.5 is expressed by a more complex gamma sequence). By the third paragraph, Ramanujan was disputing an assertion made in a pamphlet Hardy had written three years before, part of a series called *The Cambridge Tracts in Mathematics and Mathematical Physics*. At one point, Hardy had cited a familiar mathematical expression from the theory of prime numbers. He had asserted that the precise order of part of the expression had not been determined.

Well, Ramanujan now wrote, it had been determined; he had determined it. "I have found an expression (for the number of prime numbers) which very nearly approximates to the real result, the error being negligible." He was saying that the prime number theorem,



The shipping clerk who found infinity

John Kitching on the strange life of the uneducated Indian who went to Cambridge and changed mathematics

as it was known in the mathematical world (and had been since the days of Euclid), was inadequate and incomplete, and that he, an unknown Indian clerk, had something better.

Hardy eventually decided to set about bringing Ramanujan from south India to Cambridge, thus beginning one of the most unusual collaborations in history. It was to be a meeting of two minds and little else.

Hardy was a creature of regular habits. He read *The Times* over breakfast, especially the cricket scores. He worked for four hours or so in the morning, then had a light lunch in Hall, perhaps played a little tennis in the afternoon. His career was well in place, his life comfortable.

He was also an atheist, "a devout one". He once grumbled to a friend

as the church clock chimed near Fenner's, the university cricket ground: "It's rather unfortunate that some of the happiest hours of my life should have been spent within sound of a Roman Catholic church."

Ramanujan had been brought up in remote south India amid ancient Hindu rituals. As a child he survived smallpox, and bore the scars. He did not speak until he was three, and it was feared that he was dumb. He was difficult and self-willed and the only detailed book on mathematics he was known to have read (at about 16 years old) was G.S.

Carr's *A Synopsis of Elementary Results in Pure and Applied Mathematics*, a long collection of theorems aimed at helping students to pass the Cambridge mathematical tripos.

At Cambridge, he kept a poster of an Indian deity in his room and each morning went about the Brahmin rituals. He would change into a dhoti, apply the caste mark to his forehead and perform his devotions. Only if he was going out would he change into Western clothes.

People often did not see him; he was usually busy in his rooms. But when they did, they noticed him -

remembered his squat solitary figure as, in the words of one, he waddled across Trinity's Great Court, his feet in slippers, unable yet to wear Western shoes.

Ramanujan's letter to Hardy caused quite a stir in pre-First World War Cambridge. "No-one who was in the maths circles in Cambridge at that time can forget the sensation caused by it," wrote Trinity don E.H. Neville years later.

Hardy showed it to everyone and sent off parts to experts in particular fields. Amid all the excitement, the original covering letter and one page of theorems got lost. After an interval of a few weeks, Hardy sat down to deliver to Ramanujan the verdict on his letter: "Dear Sir, I was exceedingly interested by your letter and by the theorems... it is essential that I should see proofs of

some of your assertions."

Ramanujan was to respond in a rather cocky vein: "What I tell you is this: verify the results I give and if they agree with your results, got by treading on the groove in which the present day mathematicians move, you should at least grant that there may be some truths in my fundamental basis." He went on in this tone for two more pages and then proceeded to expound more theorems.

Later, many would see in Ramanujan an appealing genuine humility. There was little evidence of it in these early exchanges. But Hardy himself once wrote: "Good work is not done by humble men."

By Hardy's arrangement, in the late spring of 1914 Ramanujan, leaving behind his wife and mother, arrived at lodgings in Chesterton Road, Cambridge, to begin their unlikely collaboration.

The back of the house faced a large garden, which had once been a pear orchard. From the second-floor sitting room, Ramanujan could look out over the river Cam and Victoria Bridge and at the broad expanse of Midsummer Common with its criss-cross of paths.

There was, of course, business to attend to - fees to pay, paper-work to get through. Hardy and Neville took care of most of it. A printed list of first-year students, prepared after the Michaelmas term of the previous year, listed each student alphabetically. Now, squeezing it in between Pugh F.H. and Rawlinson J.D., wrote in Ramanujan's name.

He had not come to Cambridge primarily to learn, but to teach. Nevertheless, arriving in time for the Easter term, which began in late April, he did attend a few lectures. Some were Hardy's. Others, on elliptic integrals, were given by Arthur Berry, a King's College mathematician in his early 50s. One morning early in the term, Berry stood at the blackboard working out some formulae and at one point looked over to Ramanujan, whose face fairly glowed with excitement.

Was he, Berry enquired, following the lecture? Ramanujan nodded. Did he care to add anything? At that, Ramanujan stood, went to the blackboard, took the chalk and wrote down results Berry had not been able to prove and which, Berry concluded later, he could not have known before.

Soon the word was getting out about Ramanujan. W.N. Bailey, then an undergraduate, heard "strange rumours that he had been unable to pass examinations, and that he had run away from such horrors. But apart from these rumours, we only knew that his name was Ramanujan, and even this was pronounced wrongly."

Many remembered the fat, pock-marked figure who often worked all night and slept all day. They remembered also that, when animated, Ramanujan spoke rapidly with eyes twinkling. Even when eating, he might continue an idea or joke with his mouth full.

It was clear to Hardy that his instincts about Ramanujan were right. Together now in Cambridge, there was no longer the need for those long, awkward letters across a

A shared obsession with the joy of numbers

Hardy and Ramanujan shared an intense fascination with numbers. One day, Hardy visited the ailing Ramanujan in a Putney nursing home. Desperate for small talk, he remarked that the number of his taxi, 1729, or 7 multiplied by 13 multiplied by 19, was rather dull. "No," said Ramanujan, "it is very interesting. It is the smallest number expressible as a sum of two cubes in two different ways." (The answer by the way is: $12^3 + 1^3$ and also $10^3 + 9^3$).

Both men were bewitched by prime numbers and the fact, proved by Euclid, that there were no last primes. Ramanujan discovered that, as you kept counting, you encountered a lower density of primes. They never ran but the rate at which you encountered them dropped off. By the time you were in the billions, there were still five primes in every 100 numbers, compared with 15 per 100 in the first thousand.

Ramanujan sought a hidden pattern. "Take the sequence 31, 331, 3331, 33331, 333331, and 3333331. Each is prime, so is the next in the sequence. But the pattern self-destructs at 33333331, the product of 17 multiplied by 19,607,843."

It was a delight in the beauty of number theory that kept Ramanujan and Hardy together. When not discussing primes, it was often their opposite, composite numbers. They discovered 24 to be a highly composite, "having 8 divisors (1, 2, 3, 4, 6, 8, 12, 24) four more than the number 22. It was in Hardy's phrase "as unlike a prime as a number can be."

Ramanujan explored the properties of composite numbers for some time. At one stage he listed about 100 which were highly composite. They began with 2, 4, 6, 12, 24, 36, 48, 60, 120. He searched for and found a pattern. "The prime factors from which any composite number, N, was built could be written thus: $N = 2^a \times 3^b \times 5^c$

where b, c, e and so on are the powers to which the primes 2, 3, 5 are raised. The number 24, for example, can be viewed as $2^3 \times 3^1$ where

$b = 3$ and $c = 1$. Ramanujan proved to Hardy that with two exceptions (4 and 36) the last power necessary to construct a composite number was always 1.

He also found that for any composite number, b was always equal to or larger than c, c equal to or larger than e and so on. Count as high as you like, said Ramanujan, but you will never find a composite number such as: $N = 2^a \times 3^b \times 5^c \times \dots \times N$.

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The Long View / Barry Riley

A 5 per cent solution



DO YOU recall 5 per cent interest rates? In this country you would need a fairly long memory, going back to 1977 (five, six weeks) before that 1972. But, in the US, where monetary sovereignty is still robustly practised, and interest rates can be used as a weapon against recession, the Federal Funds rate was cut to that level this week.

So it is not all that surprising that on Wall Street the Dow Jones industrial average has again been threatening its high. As for London, the British Aerospace rights issue may have been shot down in flames this week, but the UK stock market as a whole has zoomed up again. Profit-taking there may be from time to time, but the underlying tone remains sound on both sides of the Atlantic.

But in the UK this is the bull market that has largely passed the small investor by. The All-Share Index is some 25 per cent higher than a year ago, but there is precious little sign of excitement, let alone celebration.

Direct investment by the public in unit trusts appears to have been running at little more than £100m a month net this year, about a third as much as in the dangerously exciting period ahead of the 1987 crash.

Private individuals have continued to be net sellers of equities, although the figures are not quite up-to-date - and moreover the British Telecom TV advertising campaign is now in full swing.

Whatever Beattie may say, a lot of people appear to have decided after the crash that equities have become too risky. At roughly the same time the returns on deposits started to become very attractive. At the beginning of this year 14 per cent was still obtainable on relatively liquid savings accounts. And, because even now you can still get more than 10 per cent gross on your money, it has been possible to avoid making any challenging decisions. But the personal balance-sheets of most British savers, at any rate the better-off ones, are gravely distorted.

Financial deregulation during the 1980s had the effect of encouraging headlong expansion by the banking system. Much of the new lending went into property, forcing up prices so that, when the market turned, the owner-occupied housing stock was worth £300bn, today it is valued at about £1,050bn despite the soggy state of prices. At that level it dominates the personal sector balance sheet.

Meanwhile the liquid deposits which largely finance mortgages have been ballooning too, and have risen from £135bn to nearly £400bn in ten years. This increase is two-thirds more than could be explained simply by inflation.

Why buy risky equities, or fixed income bonds, when you can prosper on the basis of property? But as the housing market enters its fourth year of stagnation (or worse) in some parts of the country, notably the south east, people must be wondering whether their holdings of assets are structured in the best way. Of course, the personal sector also has more than £500bn of assets in pension schemes and life companies, much of which is invested in the stock market, but this is rather remote as far as the average saver is concerned.

Still, there is scarcely any need to panic: net interest rates on deposits of 7 per cent or so are still ahead of inflation. The only people badly affected have been pensioners trying to live off the interest from building society accounts: their income has dropped by a third in the past year. British savers as a whole have sat and waited. So the stock market upsurge of the past year in the UK has largely been driven by institutions.

It has been a very different story in the US. Short-term interest rates have come down a long way, and this week they have seemed to be heading for 5 per cent or even less. The American public's huge holdings of money market funds - something like \$500bn - are looking increasingly inappropriate for the conditions.

During the second half of the 1980s US households were regularly selling equities at the rate of more than \$100bn

net each year and direct holdings of stocks dwindled to some 16 per cent of household assets. But this year a substantial restructuring of personal portfolios has been under way, with a switch away from property and liquid assets into stocks and bonds, triggering a boom for the mutual funds industry in the process.

Will it happen here? Not so long as Europe's interest rates continue to be set by the Bundesbank, which is still more likely to raise rates than lower them as it struggles to redeem its anti-inflationary reputation. Perhaps by the middle of next year things could look very different if the German economy slows. For the time being, though, the London stock market still relies almost entirely on institutional support which is looking increasingly tired.

British pension funds and insurance companies began 1991 full of cash, but equity rights issues have totalled some £20bn this year so far and there has also been a stream of gilt-edged issues as the government deficit has begun to open up. Fund managers are also been keen to rebuild their holdings in Japan.

Recently financial institutions have actually begun borrowing an indication they are under cash flow pressure. No wonder the rights issue bandwagon has crashed to a halt, and the equity market has suffered a modest correction after its September high point.

The trouble is, in spite of all the efforts of the government to encourage popular capitalism, direct share ownership by the public in the UK has dwindled to such an extent that private individuals will find it hard to help the institutions out. They hold just a fifth or less of the shares issued by British listed companies. Moreover these are tough times for punters when even Marks & Spencer's profits are falling.

True, 5 per cent interest rates just might make a difference, jolting the beleaguered British saver into action. But perhaps not so much if the name of the Chancellor of the day was John Smith.

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FINANCE & THE FAMILY

London Market

'For investment purposes only'

LADIES and Gentlemen, fellow shareholders. As you know, our presence on the BP share register has until now attracted little attention, certainly by comparison with Lord Hanson's interest in ICI.

Lord Hanson admitted in this week's *Spectator* that he had misjudged the likely response of the ICI board. I have a similar confession to make, reported fully in the latest issue of *Vic* magazine.

Frankly, the BP board were panicked into a response I can best describe as aggressively apathetic. When I suggested to the chairman that the readers of this column wished to bring *espionage* to BP's corporate strategy, the lack of response was overwhelming. Telephone operators at BP's advisers - doubtless acting without the knowledge of the board - went in for dirty tricks: refusing to accept collect calls, audibly commenting "It's that loony again", and condemning me to long passages of Buxtehude while on hold.

BP's ridiculous lack of over-reaction has limited our options. As Lord Hanson put it when discussing his own situation: "Because of the changes that ICI has been forced to introduce, anyone now considering a bid will have to sit back and wait. If ICI's profits collapse or if they are seen to fall, then perhaps someone will

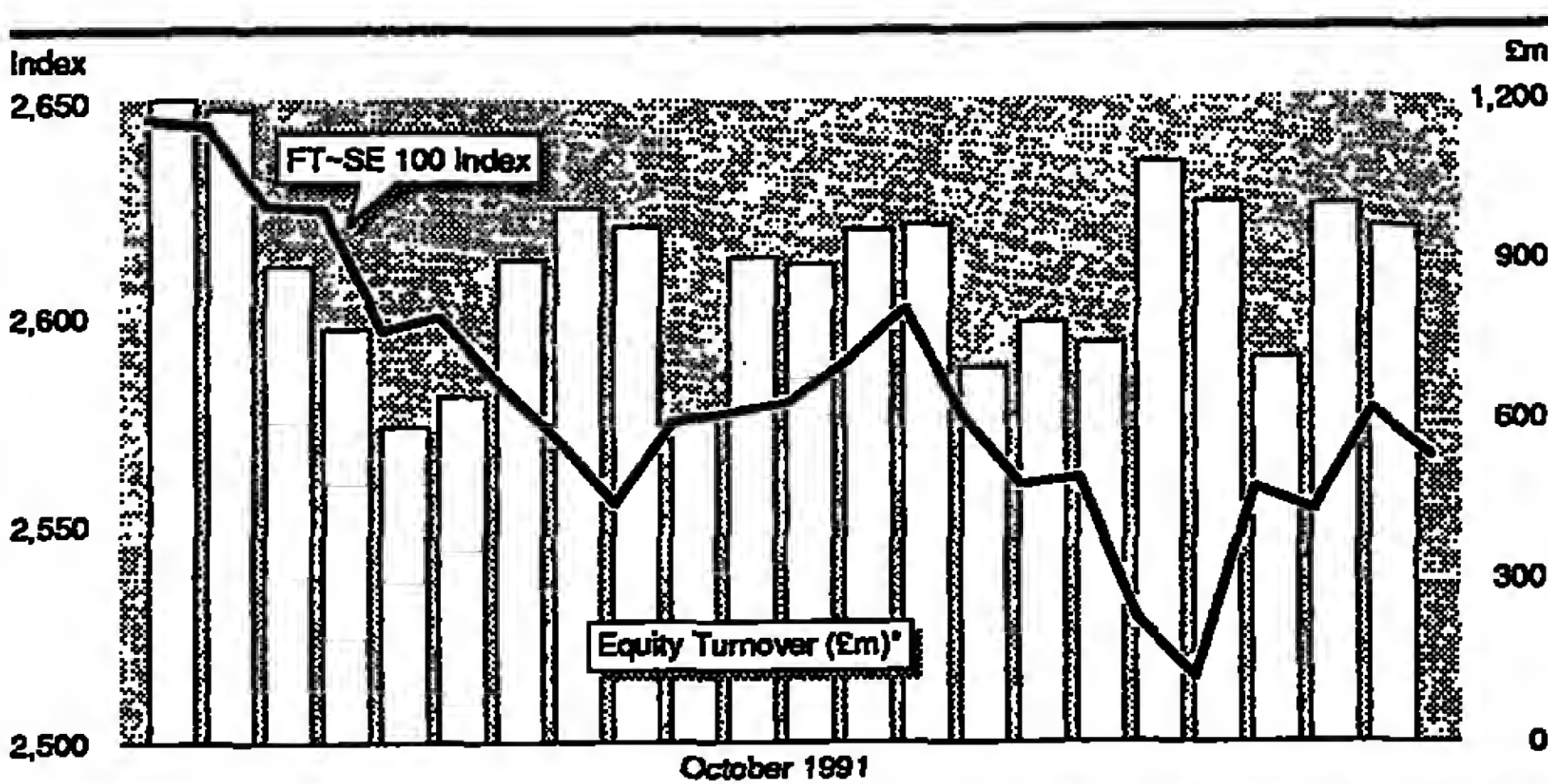
come forward."

Come the hour, come the man. In the meantime, however, the Group Medical Adviser has asked me to warn you that protracted retention of inhaled air can be harmful.

Lord Hanson's comments in the *Spectator* appeared on the same day as ICI's third quarter results. The 22 per cent rise in pre-tax profits showed the impact of the changes he was talking about, particularly cost cuts and disposals. On the trading front, ICI said, there was little sign of improvement in most major markets. Demand for industrial chemicals, a good indicator of the economic cycle, was "stuttering" in the US and the UK. In Germany it appeared to be slowing, and conditions in Australia were almost as bad as the 1930s.

ICI shares closed on Friday at 1254p, up 13p on the week. Like other big blue-chip stocks, they were influenced by the overall tone of the market, which had made a brisk recovery from the previous week's gloom.

On Monday, buoyed by strong business confidence surveys, the FT-SE index had its best day since August. It rose 43.8 points, to 2,558.5. Just as important as the scale of the rise was the fact that FT-SE was now back in the 2,550-2,650 trading range from which it



had been temporarily dislodged by worries about the British Aerospace rights issue the previous week.

The market took the announcement on Tuesday that only 4.9 per cent of the BAE issue had been taken up in its stride, and on Wednesday enthusiasm for economic recovery set in again. Big companies like Marks and Spencer and Reed International reported signs of a pick-up in UK demand and the FT-SE index closed the day up 23.8 at 2,577.1. It was downhill all the way from there, with FT-SE closing on Friday at 2,549.5, up

34.8 on the week and back at the bottom edge of the 2,550-2,650 trading range again.

City economists continued to sound warnings that the recovery was likely to be a muted one. Equity strategists were divided. Among the bulls, Paul Walton of James Capel talked about a market looking "incredibly cheap". It faced an unexciting few months, but was unlikely to fall much below 2,550 in the process; and after that would head upwards to achieve his target of 3,200 by the end of 1992.

The outspoken bear, Nicholas Knight of Nomura, sent out a note succinctly headed: "Confidence returns - Sell", arguing that the recovery in business confidence had been discounted months ago and was therefore an unsustainable basis for a rally.

As important as any of the arguments about economic fundamentals was an emerging eagerness about the government's sale of its 40 per cent stake in British Telecom, with the pathfinder prospectus now less than two weeks away.

Since their early-October high of 421 1/2p, BT shares have fallen steadily - whether measured in absolute terms, against the market as a whole, or against Cable & Wireless. BT is no longer, indeed, the most valuable FT-SE stock; it ended the week with a market capitalisation of £22.6bn, in second place to Glaxo (£23.5bn).

BT shares closed this week down 10p at 367p, after a particularly bad Friday. The interim results, out that morning, revealed a 0.8 per cent drop in pre-tax profits in the second quarter, a disappointment. Iain Vallance, BT's chairman, was notably downbeat: "Competitive and regulatory pressures have increased and the economic environment in the UK remains subdued," he said; these factors would depress near-term prospects.

Despite an 8.6 per cent rise in the interim dividend, to 5.7p, the shares dropped 18p or 4 per cent on the day. The thought that the offer for sale might go badly is creeping across a few fund managers' minds; and the way the transaction is being handled gives their nerves an exquisite tweak.

Big institutions have been told, said one fund manager, that the brokers to the issue are tracking their behaviour, watching for anyone selling shares now in order to pick it up more cheaply at the sale. Institutions caught "cheating" in this way will be penalised with tiny allocations of shares.

That locks the big institutions into the stock, but smaller fund managers or individual shareholders cannot be policed in the same way. Hence downward pressure on the share price; hence the big institutions' eagerness as they place the sidelines. There are a few tense weeks to go.

Peter Martin

Serious Money

Why Britons need a taste of the orient

By Philip Coggan, Personal Finance Editor

THE British saver would find Hong Kong an alarming place. Residents of the colony are only too happy to hold bank deposits in several different currencies and to hop in and out of the stock market in the hope of substantial short-term gains.

It all seems a world away from the attitude of the British investor, wedded to his or her building society come hell or high inflation.

Of course, the Hong Kong saver, as I discovered on a trip there last week, is also quick to take flight, as illustrated by the runs on banks of the size of Citibank and Standard Chartered last summer. But the British investor cannot afford to be too smug after the ridiculous panic over Southdown Building Society in August.

British savers have much to commend it in that it prevents small savers from being sucked in to speculative "get-rich" schemes, where the promoters are the only ones who get rich.

The question is how to persuade the British investor to realise, like his Hong Kong counterpart, that one does not prosper in the long term by holding all one's savings in a taxable variable rate deposit account.

Part of the problem lies in the structure of the taxation system, and its effect on the financial services market. High tax rates drive the majority of private investors out of the stock market and into the arms of the life insurance industry, with all its tax privileges.

The whole structure of the financial services industry has become geared towards selling insurance-linked products. Bank and building society staff, independent financial advisers, tied agents in other words, those representatives of the financial services industry who most regularly deal with the public - all are rewarded best for selling insurance company products.

By contrast, in Hong Kong, buying life insurance and the

pensions industry is also less developed than it is in the UK. People know it is up to them to accumulate enough savings to cope with disaster or old age - which is why they take much greater interest in financial markets than the average Briton.

Such a Darwinian system would not be popular in the UK. But the more people who realise that there is an alternative to the insurance-related products which are so regularly shoved down their throats, the better.

Britons do not need to go mad and leap into the commodity futures market. Even a modest study of the financial products available would reveal possibilities for more effective use of savings.

UK investors could take a few tips from those in Hong Kong

Take TESSAs, for example. Surveys have indicated that only 6 per cent of the population has opened one of these accounts. What have the rest of you been doing? Have you been abroad or asleep?

There is absolutely no reason, if you have any savings at all, not to take out a TESSA. No doubt people are put off by the requirement to keep the capital in for five years before they receive the tax benefits.

There are some TESSA accounts which impose extra charges if you withdraw your money. But with many accounts, the only penalty that applies if you are forced to take out your capital within five years, is that you have to pay tax on the interest. You have to do that anyway if you have your money in the building society. In other words, a TESSA has no disadvantage compared with a building society, and one big advantage - the potential of tax-free interest.

Suppose you put the maximum in a TESSA at the start of each year; interest rates average 10 per cent over the next five years, and you pay the top rate of tax which remains at 40 per cent. At the end of the five years, you would have accumulated £12,700, without the tax relief. You would have just £11,000. So if you do not open a TESSA, you might as well burn £5 notes in your garden.

Once having opened your TESSA, you can turn your attention to the stock markets. It can be daunting for the private investor to pick one share out of thousands and to find a stockbroker to buy or sell.

Fortunately, there is an easy solution. Investment trust savings schemes offer investors access to a large, diversified portfolio, and they have low costs. You can deal directly with the trust concerned, and the monthly savings system means you do not have to worry about picking the correct time to invest in the market.

It has been a fairly poor last five years for stock markets, what with the crash and the Gulf crisis. Even so, if you had invested £30 a month in the average investment trust savings scheme over the period, your money would have grown to £2,209 (compared with £1,800 invested).

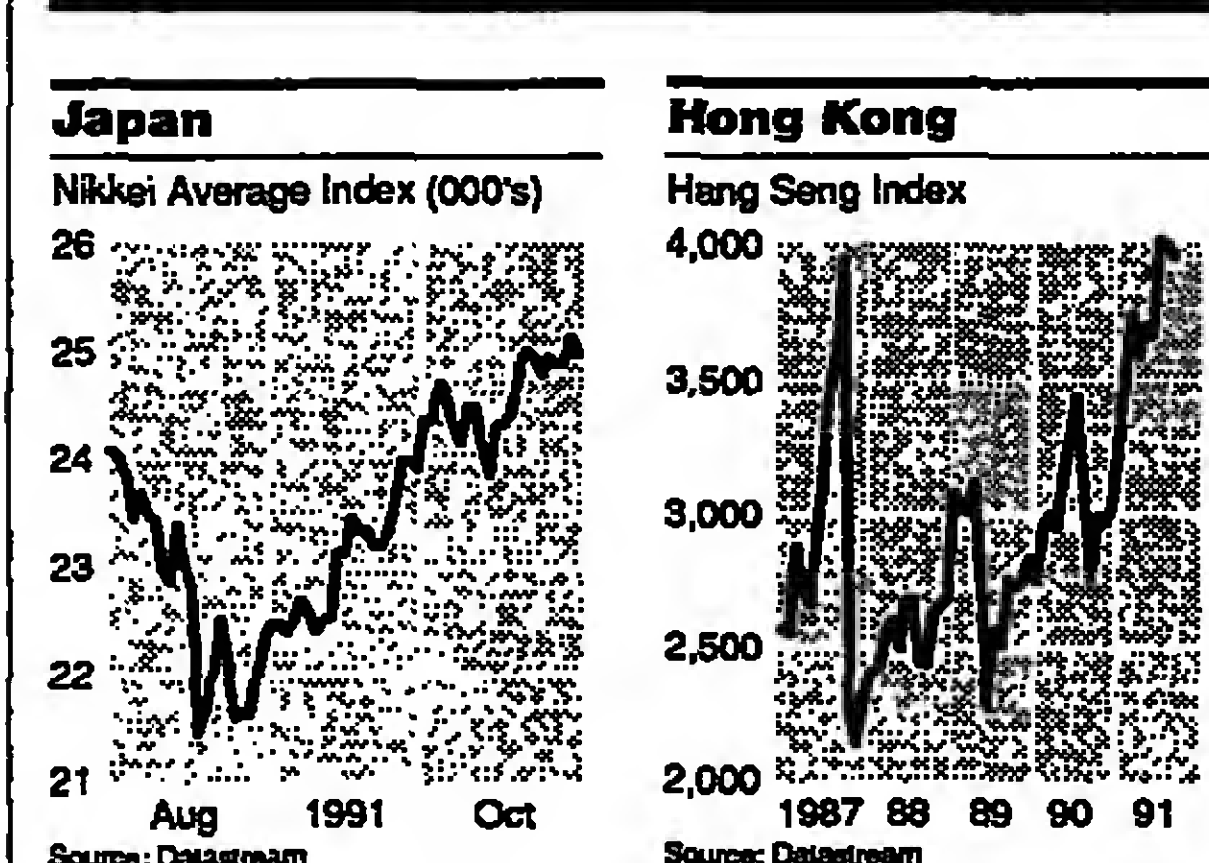
Despite these attractions, only 118,000 people have investment trust savings schemes in the UK. Why so few? It cannot be because schemes are unaffordable - they can be started with as little as £20 a month.

Neither TESSAs nor investment trust savings schemes are exactly high risk ventures. And I have not even mentioned old favourites of this column such as index-linked gilts and National Savings, which are about as rock-solid as you can get. If the British investor displayed anything like the interest in finance shown by his Hong Kong counterpart, but took only a fraction of the risks, he would be a far better deal for his savings.

HIGHLIGHTS OF THE WEEK

| | Price y'day | Change on week | 1991 High | 1991 Low | |
|--------------------|-------------|----------------|-----------|----------|---------------------------------------|
| FT-SE 100 Index | 2549.5 | +34.8 | 2670.8 | 2054.8 | Optimism on UK economy |
| Dow Jones | 181 | +13 | 196 | 145 | Bid speculation |
| Finlay Packaging | 45 | +17 | 46 | 19 | Agreed 45p bid from Jefferson Smurfit |
| Glaxo | 784 | +54.2 | 795 | 400 | Analysts' "buy" recommendations |
| Greycoat | 146 | +21 | 387 | 120 | Property deal with British Land |
| Kingfisher | 565 | +24 | 582 | 358 | Stores recover on M&S figures |
| Marks & Spencer | 288 | +7 | 297 | 213 1/2 | Good figures/hopes of Xmas sales boom |
| Piston | 80 | +30 | 92 | 40 | Increased production of new product |
| Redland | 530 | +33 | 658 | 498 | Presentations to analysts |
| Reed Int'l | 502 | +37 | 508 | 343 | Interims please the market |
| Reuters | 875 | +46 | 1003 | 673 | Stock Exch news monopoly to end |
| SmithKline Beecham | 795 | +60 | 845 | 589 | Good figures/swiftness from Glaxo |
| Standard Chartered | 422 | +34 | 431 | 205 | Reassessment after Far East visit |
| Trasrigor House | 242 | +15 | 261 | 169 | Analysts' recommendations |
| Transport Develop | 258 | -10 | 283 | 206 | Talk of impending downgrades |

AT A GLANCE



Japan market shows signs of recovery

After its precipitous fall in 1990, the Tokyo stock market is tentatively showing signs of recovering some of its former strength. The Nikkei 225 closed above 25,000 yesterday, a strong rise on mid-August when it languished below 22,000. Lower Japanese interest rates, and a perception among foreign investors that the market is due for a re-rating has helped. Meanwhile, the Hong Kong market, which suffered badly in 1987, has this year climbed above its pre-crash levels for the first time. Investors are more confident about the colony's prospects now that a deal has been agreed with the Chinese government over a new airport.

Woolwich TESSA bonus switch

TESSA account holders with the Woolwich may have received a letter this week explaining changes to the way the bonus of 0.25 per cent will be calculated for those who have held the Tessa for a year.

Instead of being paid on the anniversary of opening the account, the TESSA holder will be paid at the beginning of the quarter. If you opened your TESSA on May 26 1991, the bonus will now be paid to you on April 1 1992, instead of on May 26 1992. Woolwich has decided to divide the bonus payments into four paydays, for administrative simplicity.

Fidelity trust finds favour

Fidelity raised £51.9m for its European Values Investment trust, which like many recent trust issues was linked to a PEP. The public applied for £20.4m worth of shares, of which £12m was PEP-related. The amount raised makes the offer the third largest investment trust launch this year. Dealing in the shares, which have warrants attached, will start on November 6. Page V7: Split capital trusts

L&G to 'band' house insurance

Legal & General is, in common with many other insurance groups, changing its charging system for buildings insurance. Instead of a flat rate for all houses, rates will be charged in six bands to take account of different geological conditions and geographical location. This follows a substantial increase in subsidence claims. Some homeowners will see the cost of insurance rise by more than 80 per cent.

M&G Income Trust performance

Packaged units in M&G's Income Investment Trust ended the week at 57p, 3p down on the issue price of 100p. Separately, the income shares were trading at 44p, the capital shares at 18 1/2p and the zeroes at 36p. Compared with the prices mooted by analysts before the trust was launched, it is clear that the capital shares have produced the weakest performance.

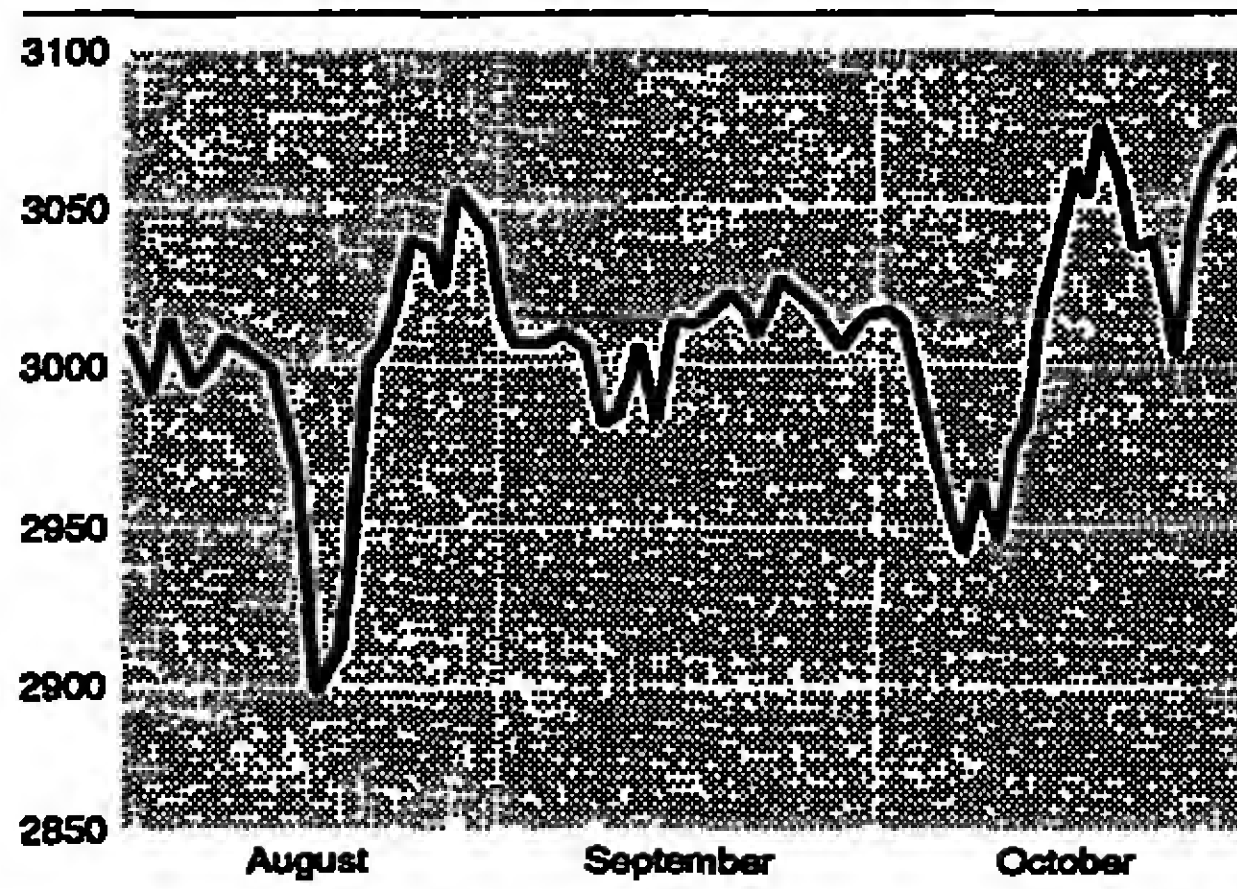
Small companies gain ground

Small company shares inched up this week, with the House Govett Smaller Companies Index (capital gains version) rising by 0.4 per cent to 1260.37. In the seven days to October 31, and the County Smaller Companies Index moving up 0.3 per cent to 1009 over the same period. Meanwhile James Capel has launched a smaller companies fund, linked to a new "Triple" index amid talk of a smaller companies revival (see page V7).

Wall Street

The recovery turns into a pumpkin

Dow Jones Industrial Average



be difficult to read the Fed's hand. What the Fed did that morning was to raise the discount rate in the key Fed funds rate, an indication that a new, lower target rate of 5 per cent may have been set to provide fresh stimulus to the economy.

The stock market was not expected to be as volatile as it was. The Fed's move was seen as a signal that the economy was being relaxed, with share prices only inching

higher amid the uncertainty. Bond investors, however, were accosted to the Fed's arcane ways, wasted no time bidding up Treasury prices in anticipation of yet more easing. That could come as soon as next week, possibly after Tuesday's meeting of the policy-making Federal Open Market Committee, which is expected to consider further

reductions in the fed funds rate and a discount rate cut of as much as 50 basis points, from 5 per cent to 4.5 per cent.

In spite of the weak economy, equities have remained surprisingly buoyant. Two weeks ago the Dow gained 100 points, only to give back 70 of those points in the following week. Over the last few days the Dow has steadily retraced the steps of its mid-October advance, and yesterday morning it was hovering not far short of its record close of 3,077.15.

One explanation for the market's resilience is that it has left behind poor third quarter earnings and is confidently discounting better fourth quarter corporate profits and even lower interest rates. The economy can only get better, goes the thinking, so investors might as well start buying for the recovery.

There was a similar logic behind the demand for Salomon shares this week. The stock rose \$3 to just below \$28 after the scandal-ridden securities house unveiled its third quarter earnings.

Although Salomon put aside a \$200m reserve to cover

potential liability costs arising from its illegal activities in the bond markets, it was able to post a quarterly profit of \$85m by taking back \$110m of earnings it had originally earmarked for employee bonuses.

Investors bought Salomon on the assumption that on the worst of the bond market scandal is over, and that the reserve will adequately cover the eventual costs from lawsuits and federal agency fines of the firm's misdeeds.

This could be dangerous, however, as predicting the outcome of court cases in such a litigious society is notoriously difficult. Moreover, the longer term impact of the scandal on Salomon's core businesses cannot possibly be gauged now, when the whole affair is just three months old and the Treasury has still to decide whether or not to revoke its ban on Salomon bidding for customers in note and bond auctions.

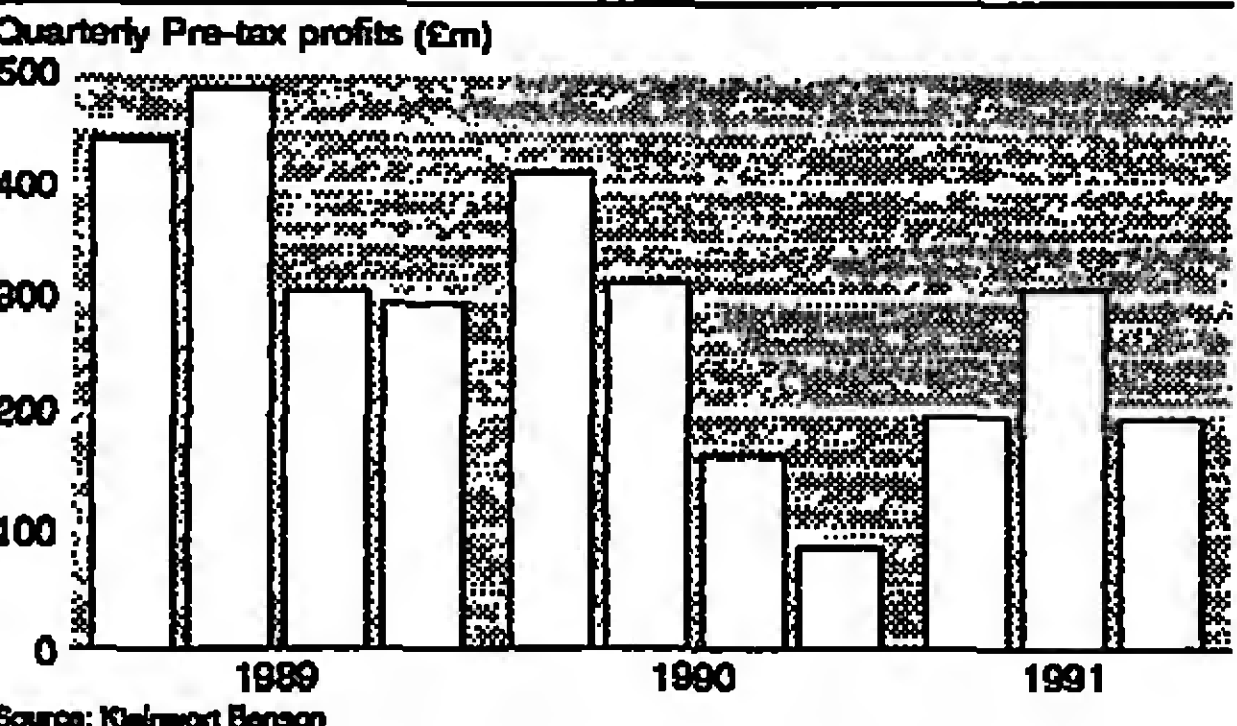
| | | |
|-----------|---------|---------|
| Monday | 3045.62 | + 40.70 |
| Tuesday | 3061.94 | + 16.32 |
| Wednesday | 3071.78 | + 9.84 |
| Thursday | 3069.10 | - 2.68 |

Patrick Harverson

The Bottom Line

ICI points the gloomy way ahead

ICI Quarterly Pre-tax profits (£m)



it was one of the better recovery stocks in the market. He said that ICI's industrial chemicals divisions are most exposed in markets where demand is most depressed, namely the US, UK and Australia. Once the world economy picks up, ICI should benefit.

ICI's cost-cutting programme should also place it at a competitive advantage, according to Chantry, because the company has been able to cut staff much more easily than, say, its

German competitors. Not all agree. At Nomura, Richard Henderson was unsure that ICI was ahead of other chemicals groups in its efforts to reduce costs. And he believed such cuts merely buy a place at the gaming table.

"Most of what is saved won't drop through to the bottom line," he explained. "In the short term, any savings will be passed on to the customers in lower prices." Moreover, even

if ICI did manage to increase profits as the economy moves out of recession, some analysts remain unsure whether it would benefit the share price that much. Junky Price, at BZW, rated the stock a hold. He believes the benefits of recovery and cost cutting are already discounted in the price.

Price also expected little from ICI's future dividends. Coverage was already low and was unlikely to match the market's average dividend rate.

The fundamental question facing private investors is their view about a possible bid from Hanson. Analysts are, as usual, divided. Jeremy Chantry, at Kleinwort, thought "a bid is dead in the water."

Others were less sure. Hanson has retreated for good. There is clearly some speculative froth left in the stock. Last week ICI's shares fell 3 per cent in a single day after rumours hit the London market that Hanson was trying to sell its 2.8 per cent stake.

The chances of a Hanson bid now comes down to a gamble on the outcome of the coming

general election. Henderson at Nomura believed a bid before the election was impossible because of the potential embarrassment to both Hanson and the Conservative party. A bid in the event of a Conservative defeat was also unlikely.

However, if the conservatives win next summer, and the industrial chemicals market began to pick up, Lord Hanson may have timed his efforts to perfection.

For private investors, most of whom own privatised utilities already and are already heavily exposed to the risk of a Labour government, the advantages of increasing political exposure look dubious in the extreme.

Nevertheless, ICI's pronouncements remain worth watching. Sir Denys, with Lord Hanson breathing heavily over his shoulder, has every incentive to identify an upswing in the economy. When Sir Denys eventually finds an upturn, he is unlikely to be slow in coming forward to proclaim his discovery.

Paul Abrahams

FINANCE & THE FAMILY

Obtaining the best deal at your bank

Scheherazade Daneshkhu has some tips for those who think that they are not making good use of current accounts

PRESSURE from consumers can make a difference. The payment of interest on current accounts is one of the best examples. The Nationwide Anglia building society pioneered the move in 1987 with its Flex account; then popular demand forced others to follow.

Yet, many people are not satisfied with their current account, mainly because of the charges. A survey in October's *Which?*, the Consumers' Association magazine, found that twice as many people this year were unhappy with their bank compared with in 1990.

Yorkshire Bank and the Bank of Scotland (which offers home banking via a terminal) got the best ratings for efficiency and good service. Those above average were the Abbey National, Co-operative Bank, Girobank, Nationwide Anglia and the Royal Bank of Scotland. National Westminster was rated below average; the Midland came bottom.

The best choice of a current account depends on circumstances. Those who are overdrawn often will seek the lowest charges; customers who stay in the black will seek higher interest rates and a range of services.

In this survey, we are excluding the high-interest cheque accounts which, are sometimes presented as a current account, but offer restricted facilities. Minimum withdrawals can be as high as £250.

Interest. In general, the Big Four clearing banks pay the lowest rates on their current accounts but offer the widest range of services. Lloyds was the first of the big four banks to pay interest on a current account in the wake of their introduction by the building societies. The other three had to respond to stem the tide of defections. Midland Bank, for

example, had lost 1.5m customers by the end of 1988, until it launched its own interest-bearing current accounts in February 1989.

However, interest-bearing current accounts at the big four have in many ways failed to live up to expectations, because the interest paid on them is low. Building societies tend to pay a little more, as do some of the telephone banking services.

The tables show the interest rates on £500 and £5,000 for the Big Four, and a selected number of other banks and building societies.

Some of the best rates on £500 are at the Halifax, which pays 5.25 per cent gross (3.94 per cent net) on its Maxim account, and the Firstdirect Cheque account with 5.25 per cent (3.94). The better rates on £5,000 include Northern Rock's Current account (8.03 gross, 6.77 net) and Robert Fleming/Save & Prosper's Classic account (9.00 gross, 6.75 net).

At Northern Rock, you have to open the account with £500. From November 1, the society is allowing only six free withdrawals a month and will charge 50p for others.

The difference these rates make can be startling. If, for example, you are a basic-rate taxpayer and have a minimum of £500 a year at National Westminster, you will earn £7.50 compared with £19.70 at Firstdirect. An account containing £5,000 all year at Robert Fleming/Save & Prosper will earn £308, compared with a maximum of £131 at Lloyds bank.

Overdraft rates: unauthorised. Avoid being overdrawn without authorisation - banks are merciless with penalties which are clearly shown in the tables. It is best to arrange an overdraft facility precisely when you do not need it - when your bank



balance is positive. If you do go into the red without authorisation, arrange to see the manager immediately to discuss a facility.

Unauthorised rates are usually over 30 per cent a year although straight comparisons between accounts are difficult because charging structures are all different. An important point is whether there are overdraft fees on top of interest charges. Abbey National and Halifax charge 34.4 per cent on unauthorised overdrafts but

impose no other charges, while Nationwide Anglia's Flex account has a 39.2 APR. But Lloyds Classic has a 36 APR plus a £7 monthly fee if the overdraft exceeds £100.

Robert Fleming/Save & Prosper, which offers a telephone service has a noticeably lower overdraft rate than many other institutions. It charges 10 percentage points above base rates for an unauthorised overdraft and 4 points above on an authorised facility.

Many banks and building societies do allow you to slip into the red without imposing draconian charges. At the Co-op bank, you are allowed an overdraft of up to £250 for three days without charge on the Ultra account; otherwise, the unauthorised rate is 31.4 per cent. At NatWest, you can overdraw by £50 without charge but amounts larger than this incur a £20 quarterly fee if authorised, with a further £30 if unauthorised.

Firstdirect, Midland's tele-

phone banking service, has a £250 overdraft built into its Cheque account and its penalties for exceeding this limit without authorisation are draconian.

Authorised: These are usually around 10 percentage points lower than unauthorised rates; some lenders arrange their rates by negotiation. Once again, watch out for the total cost of the overdraft, not just the APR.

Robert Fleming/Save & Prosper's charge of 4 percentage

| Bank and account | Interest on £200 | | Interest on £500 | | Overdraft (APR) | | Overdraft charge | |
|-----------------------------|------------------|-------|------------------|-------|-----------------|------------|----------------------|--------------|
| | gross % | net % | gross % | net % | arranged | unarranged | agreed | unagreed |
| Abbey National Current | 3.55 | 2.66 | 3.55 | 2.66 | 24.4 | 34.4 | None | None |
| Bank of Scotland Chequeplus | 1.75 | 1.31 | 3.75 | 2.81 | 19.2 | 33.6 | Transactions charges | |
| Firstdirect cheque | 5.25 | 3.94 | 5.50 | 4.13 | 20.7 | 37.4 | None | £20pm + £5pd |
| Fleming/S&P Classic | 2.50 | 1.88 | 9.0 | 6.75 | 15.7 | 20.5 | None | £10pm |
| TSB Interest Cheque | 4.0 | 3.0 | 4.0 | 3.0 | 24.5 | 38.0 | £8pm | £10pm |
| Yorkshire Paymaster Plus | 4.50 | 3.38 | 7.0 | 5.25 | 24.8 | 32.8 | £7.50pm | £7.50pm |

Notes: pm = per month, pq = per quarter, t = equivalent annual rate

points over base rates for an authorised overdraft (14.5 per cent at present) is one of the lowest, even including the £2 monthly fee.

Charges. This is the area that draws the most criticism from customers. The way to minimise charges is to find out how your bank structures them. No bank or building society should be levying any charges on an account which is in credit (the much-vaunted "free banking" sales pitch). Because of a public outcry, most have moved from transaction charges - charging for each cheque and autobank withdrawal for a whole quarter even if the customer is overdrawn for a few days - to fees.

Apart from overdrafts, charges for which you should watch out are:

■ The overdraft letter. Some charge nothing (Abbey, Woolwich, Barclays), while others fine you £15 for this.

■ Stopping a cheque. Charges range from nothing at Abbey National to £10 at Girobank.

■ Banker's draft. Nothing at Abbey to £11 at Barclays.

■ Duplicate statement. Up to £5 a sheet at the Big Four apart from Barclays, which

says it is at the management's discretion. Free at Abbey, Woolwich and Halifax.

■ Bouncing a cheque yourself. Around £15-£25.

■ Receiving a bounced cheque. Many charge nothing; others charge up to £15. If you think you have been charged unfairly or if a mistake has been made, write to the branch manager. Some will use their discretion over charges and they should apologise or compensate you for errors. Failing satisfaction, write to head office.

Serious complaints can be directed to the Banking Ombudsman at Citadel House, 5/11 Fetter Lane, London EC4A 1BR or the Building Society Ombudsman, Grosvenor Gardens House, 35-37 Grosvenor Gardens, London SW1X 7AW.

There is no need to stay with an unsatisfactory account but, before writing an angry letter to the manager announcing your intention to switch, check out the competition to make sure you will be getting something better. The best way is to see the new account in action, so try letting it run for a couple of months before shutting down your existing account.

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*Offer to bid, net income reinvested, 1 March 1988 to 11 October 1991.

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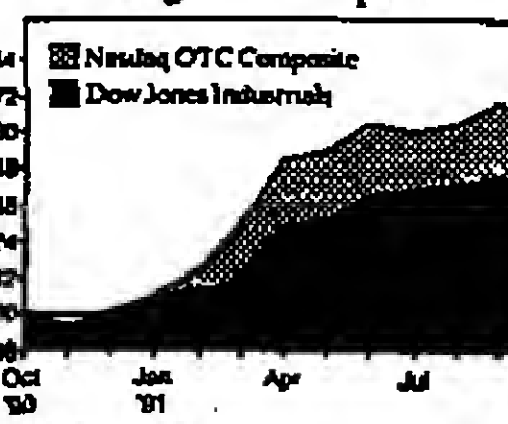
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| EJUV | | |

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This announcement appears as a matter of record only.

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Rabobank Nederland

November, 1991



The Board of Management and Supervisory Council of Akzo NV decided to distribute for the fiscal year 1991 an interim dividend of NLG 1.50 per ordinary share of NLG 20.00.

As from 18 November 1991 the above dividend of NLG 1.50 per ordinary share will be payable against surrender of coupon no. 37 at:
Barclays Bank PLC
Stock Exchange Services Department
54 Lombard Street
London EC3P 3AH
and
Midland Securities Service
Suffolk House
Paying Agency Section
5 Laurence Pountney Hill
London EC4R 0EU.

U.K. Residents
Dividends so payable for U.K. residents will be paid less 15% withholding tax and

U.K. income tax will be deducted from the gross dividend.

Residents of other countries
For residents of countries other than the United Kingdom with which the Netherlands has a Double Taxation Agreement, the rate of withholding tax (if any) will be adjusted upon provision by the presenting authorised depository of the completed necessary documents (Form 92, etc.). Where no such form is submitted withholding tax at the rate of 25% will be deducted. United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms.

Information concerning any of the above-mentioned documents may be obtained from Barclays Bank PLC and Midland Securities Service.

Amhem, 1 November 1991
Akzo N.V., the Netherlands

| MAXIMUM INCOME ACCOUNT SERIES I VARIABLE RATE | MAXIMUM INCOME ACCOUNT SERIES II VARIABLE RATE | MAXIMUM INCOME ACCOUNT SERIES III VARIABLE RATE | MAXIMUM INCOME ACCOUNT SERIES IV VARIABLE RATE |
|---|--|---|--|
| Applicable to new and existing accountholders | Applicable to new and existing accountholders | Applicable to new and existing accountholders | Applicable to new and existing accountholders |
| 3 YEAR TERM SHARE (minimum investment £1000) | 3 YEAR TERM SHARE (minimum investment £1000) | 3 YEAR TERM SHARE (minimum investment £1000) | 3 YEAR TERM SHARE (minimum investment £1000) |
| 8.60% (net p.a.) | 8.60% (net p.a.) | 7.85% (net p.a.) | 7.85% (net p.a.) |
| 11.46% gross* | 11.46% gross* | 10.46% gross* | 10.46% gross* |



General Portfolio

*Equivalent gross rate for basic rate taxpayers. Full details of these accounts can be provided on request. Rates effective from 1st October 1991. General Portfolio Life Insurance PLC, General Portfolio House, Harlow, Essex, SS16 2EW. Tel: 0279 626352. A member of Lauto.

FINANCE & THE FAMILY

BT share offer hits a PEP predicament

SHARES in the new BT offer can be placed in one of the new single company PEPs (Personal Equity Plans) it was announced this week. However, the partly paid nature of the offer could raise complications for PEP investors in the future.

At present, an individual is allowed only one £5,000 PEP per year. From January 1 investors will be allowed to open an additional single company PEP up to a maximum of £3,000.

Shares in the new BT offer will be able to be placed into these PEPs, as long as it is within 42 days of the shares being acquired.

Several readers have pointed out there is a potential problem. Suppose the investor was to buy 3,000 BT shares, part-paid for a notional £1 each. This would "fill" the PEP but the shares have only been partly paid. What happens when there is the second call for payment next year? Full payment would push the value of the shares above £3,000.

The query has stumped many a competent stockbroker. The Treasury finally clarified the point earlier this week with a response that many of our readers feared. It says: "If the future instalment on the

shares in the PEP exceeds the subscription limit for a PEP in that year, appropriate arrangements will have to be made for some of the shares in the PEP to be sold or transferred from the PEP."

This is a far from satisfactory solution. PEPs are designed to encourage long term equity investment. But if an investor were to receive a full £3,000 BT application, he would either have to sell or

The partly paid nature of the shares could cause complications, warns Scheherazade Daneshkhu

transfer part of the holding out of the PEP within 10 months. And then he would have to go through the same process again when the third instalment is due.

The problem may prove illusory, in that frequently in previous privatisations investors received derisory allocations of £200 or so. That sort of figure is not worth placing in a PEP. The chances are that investors will only get a full £3,000 if the offer does not go well. And there is

nothing to stop investors placing the full £5,000 of BT shares in a general PEP, if they are allocated this much. Of course the same problem with future instalments would still apply.

The Inland Revenue says that the second instalment of BT will fall within a separate tax year, allowing the investor to include payment for the instalment in next year's single company PEP. The second call is expected to be next autumn.

This does mean, however, that the investor will have to use up two years' single company PEP entitlements to buy the same set of shares. What is more, the third instalment is expected to be within the same tax year as the second and the Revenue says that this may give rise to "complication." In other words, shares will have to be sold or transferred from the PEP.

"PEPs are a way of holding shares with tax privileges and those privileges have to be limited to keep the cost on a manageable basis," said the Revenue. Cynics might suggest that the Revenue does not want to create a loophole for PEP managers to exploit, by making new issues in partly-paid form a means of getting round the annual maximums.

The Week Ahead

UNILEVER'S third quarter results, due on Friday, are expected to show modest growth after a 1 per cent fall in the first half. Analysts' forecasts range from £510m to £530m, up from £496m. The main source of recovery is expected to be in North America. The company says business there began to improve in early summer, while the restructuring of its Lipton beverages operation in the US should also start to show results.

British Petroleum will report its third quarter results on Thursday against a background of firm oil prices but weak refining margins. An increase from £103m to £215m is forecast in its replacement cost profit, which strips out the effect of stock gains and losses. However, historic cost earnings are expected to be depressed at £292m, after £322m in the same 1990 period, as a result of lower stock gains.

Analysts are anxiously awaiting interim results from J. Sainsbury, the grocery chain, due out on Wednesday. The numbers themselves are likely to be reassuring with pre-tax profits at about £320m, compared with £278m. But followers will be keen to hear the company's response to the recent scare stories about price wars and falling sales volumes in the food trade.

COMPANY NEWS SUMMARY

| Company | Value of bid per share | Market price | Price before bid | Value of bid | Bidder |
|------------------|------------------------|--------------|------------------|--------------|-----------------|
| Anglo Scaud'vian | 102.45 | 95 | 86 | 18.5 | Scottish Cities |
| Anglo Scaud'vian | 102.45 | 95 | 81 | 20.4 | Int'l sh'hldrs |
| Beazer | 113.25 | 114.2 | 83 | 315.44 | Hanson |
| WNS Group (R.L.) | 490.6 | 492 | 520 | 75.90 | Liberty Grp. |
| Hawker Siddeley | 7105 | 722 | 640 | 1.40m | BTR |
| Interlink Exp. | 311 | 308 | 300 | 50.54 | Wayne Nicklas |
| Racal Elect. | 48.25 | 57 | 51 | 655.57 | Williams Hodge |
| Governing Oil | 1675 | 165 | 162 | 94.27 | Windsor |
| Torday Carlsberg | 975 | 108 | 84 | 13.69 | Dowling & Mills |
| Ultramar | 315 | 344 | 271 | 1.17m | LASMO |

*All cash offer. †Cash alternative. ‡For capital not already held. †Unconditional. ‡Based on 2.30pm prices 1/11/91. †A suspension. ‡Shares and Cash. ‡Shareholders can choose to accept a cash offer worth 48p for each Anglo Scaud'vian share up to 40% of individual holdings. ‡Based on estimated FAV of ASIT.

PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | Earnings* per share (p) | Dividends* per share (p) |
|------------------------|---------|-----------------------|-------------------------|--------------------------|
| Boffin Group | Sept | 250 L | (487 L) | - |
| British American Trust | Sept | 16,000 | (16,200) | 4.11 |
| Cooper (Frederick) | Jul | 5,000 | (4,600) | 3.5 |
| Cowan de Groot | Apr | 1,130 | (163) | 3.0 |
| Essex Furniture | Jun | 497 | (594) | 3.48 |
| Harrods Leisure | Mar | 2,170 L | (1,020 L) | - |
| UWS Group | Jul | 5,700 | (5,400) | 4.9 |
| Investors Capital Tel | Sept | 12,700 | (12,300) | 5.12 |
| London & Strathclyde | Aug | 836 | (1,050) | 5.7 |
| New Frontiers Dev. | Sept | 4,840 | (5,750) | 0.83 |
| Smart Ltd & Co. | Jul | 4,440 | (3,760) | 29.25 |
| TSW Television SW | Jul | 148 | (4,700) | - |

INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | Interim dividends* per share (p) |
|---------------------|--------------|-----------------------|----------------------------------|
| Acorn Computer | Jun | 420 L | (42) |
| Alpine Group | Jun | 281 L | (5 L) |
| Anglo St James | Jun | 449 L | (472) |
| Aviva Petroleum | Sept | 3,230 | (764) |
| Belle Group | Sept | 319 | (2,050 L) |
| Berry Birch & Noble | Jul | 368 | (283) |
| Black Leisure | Aug | 2,200 | (1,800) |
| Bradford Property | Oct | 11,200 | (10,500) |
| Charmion | Jun | 1,090 L | (394 L) |
| Chatterbox Corp. | Jun | 106 | (1,200) |
| City of Oxford Inv | Sept | - | (-) |
| Claydon Son & Co. | Jun | 314 L | (18) |
| Colony | Jun | 378 | (18) |
| Conrad Continental | Jun | 380 L | (458 L) |
| Cook (William) | Sept | 4,050 | (5,800) |
| Cullen's Holdings | Aug | 370 | (339) |
| Daily Telegraph | Sept | 27,500 | (29,700) |
| Dunfermline | Jun | 214 | (304) |
| Dunfermline Valley | Jun | 425 | (197 L) |
| Ferguson Int'l | Aug | 4,170 | (6,330) |
| Geared Income Inv. | Sept | 1,200 | (-) |
| Graham House | Jun | 2,610 | (458 L) |
| Guildhall Property | Jun | 974 | (796) |
| Hawthorn Leslie | Jun | 11,920 L | (4,490 L) |
| ICI | Sept | 196,000 | (180,000) |
| Int'l Business | Jun | 2,440 L | (2,750) |
| Jackson Group | Jun | 291 L | (628) |
| Jerome (S) | Jun | 578 L | (504) |
| Meris & Spencer | Sept | 215,200 | (230,300) |
| Moss Bros. | Jul | 102 | (1,100) |
| Mrs Field | Jun | 6,090 L | (5,120 L) |
| New Thompson | Sept | 3,408 | (3,288) |
| Noble Rarodon | Apr | 1,570 L | (970 L) |
| Novel | Jul | 890 L | (1,330 L) |
| Plasencia | Jul | 438 | (458) |
| Radstone Group | Jun | 56 | (78 L) |
| Ralston Invest. | Sept | 447 | (487) |
| Reed International | Sept | 85,300 | (108,800) |
| Regal Hotel Group | Jul | 2,180 L | (1,750 L) |
| Seaford | Jun | 181 L | (8,188) |
| Serit Cowell | Jun | 3,640 L | (1,050) |
| Shifon | Oct | 380 | (302) |
| Sinclair Beecham | Sept | 282,000 | (218,000) |
| Sunlight | Jun | 1,340 L | (191 L) |
| Thames Television | Jun | 2,040 L | (1,300) |
| Thames Water | Sept | 118,000 | (113,000) |
| TR Far East Income | Aug | 3,900 | (5,100) |
| Turner Corp. | Jun | 44 | (1,650) |
| Tyne Tees TV | Jun | 2,950 L | (1,450) |
| Urbans | Jun | 771 | (1,270) |
| Usher-Walker | Jun | 217 | (148) |
| Warwick Investments | Jun | 410 | (3,300) |
| Wilson Group | Jun | 58 | (436 L) |

*Figures in parentheses are for the corresponding period. †Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ = Figures quoted in US dollars. ‡ = Figures quoted in Irish pounds & pence. ‡ = Net loss/profit. ‡ = Gross income. ‡ = Making up to date. ‡ = Net revenue. ‡ = Second interim statement. ‡ = Last year's figures for 10 months. ‡ = Third quarter figures. ‡ = Figures for nine months.

RIGHTS ISSUES

More O'Farrell is to raise £13.4m via a one-for-four rights issue at 215p. Rose Group is to raise £11.5m via a 5-for-11 rights issue at 7.7p. Sero Group is to raise £2.7m via a 1-for-4 rights issue at 45p.

RESULTS DUE

| Company | Announcement date | Last year | This year |
|-------------------------------|-------------------|-----------|-----------|
| FINAL DIVIDENDS | | | |
| Balfour | Wednesday | 4.0 | 7.0 |
| Billy (S) & Sons | Wednesday | 2.75 | 8.25 |
| Blackburn Group | Wednesday | 6.0 | 14.0 |
| Bridge-Gundry | Tuesday | 1.5 | 1.5 |
| Fenner | Thursday | 3.45 | 3.45 |
| Low (William) & Company | Thursday | 2.5 | 5.25 |
| Margaret & Sons Holdings | Friday | 3.5 | 4.5 |
| National Home Loans Holdings | Friday | 3.75 | 8.25 |
| TIP Europe | Tuesday | 1.7 | 3.6 |
| VTI | Monday | 1.1 | 2.2 |
| INTERIM DIVIDENDS | | | |
| Alton House International | Tuesday | 0.5 | 0.6 |
| Appley Westward Group | Thursday | 0.0 | - |
| BMS | Thursday | 2.0 | 2.7 |
| British Petroleum Company | Thursday | 3.95 | 4.2 |
| Burnwood Brewery | Thursday | 0.7 | 3.54 |
| Europe Energy Group | Monday | - | - |
| First Island Investment Co. | Thursday | - | 2.2 |
| Futura Holdings | Friday | 0.5 | 0.8 |
| Gorman Investment Trust | Tuesday | 0.5 | 0.75 |
| Gorman Smaller Companies Inv. | Tuesday | - | 1.0 |
| Mid Southern Water | Monday | - | - |
| Ocean Wilson (Holdings) | Wednesday | 0.8 | 2.25 |
| Outland Investments Group | Friday | 1.55 | 2.8 |
| Powdermill International | Tuesday | 1.0 | 3.95 |
| Precious Metals | Thursday | 2.0 | 2.0 |
| Randall | Monday | 1.2 | 2.5 |
| Sainsbury (S) | Wednesday | 2.1 | 5.25 |
| St James's Place Capital | Tuesday | 1.5 | 1.5 |
| Sims Food Group | Thursday | 2.64 | 7.61 |
| Usher Television | Friday | 3.0 | 3.75 |
| Westbury | Thursday | 3.25 | 3.25 |
| Whitbread Investment Company | Thursday | 3.95 | 9.95 |
| Wood (SW) Group | Monday | - | 0.1 |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = Third quarter figures. ‡ = Quarterly dividends.

Beware: card sharps can cost you a packet

ABOUT 3,500 Barclaycard cards will be lost today - and every day throughout the year. A lost credit card is, usually, a minor inconvenience to the owner, but sometimes you may find yourself depending on the services offered by a card issuer.

The most important consideration is to prevent fraudulent use of your card. About one in ten of all lost cards are used fraudulently and the percentage is steadily rising.

You should report the loss at once by ringing the number given to you by the card issuer. The bigger credit card organisations now print their contact numbers in most UK telephone directories.

Your direct liability should be limited. Credit cards are usually - though not always - covered by the Consumer Credit Act and the holder has only a £50 liability if the card is used fraudulently. In practice, most banks say that they do not seek to reclaim even this. However, you may be involved in a lengthy correspondence with the bank if your card has been used without your knowledge before you reported the loss.

Debit cards are a different matter. Payment for these comes straight out of your bank account and although some debit cards (the Lloyds Visa card is one) are covered by the Consumer Credit Act, others are not.

A card thief who takes a British holidaymaker's debit card could blow a huge hole in his bank account within an hour of the theft. The card holder might not get a full refund for several weeks.

Banks and card organisations are by no means as prompt or helpful as they ought to be and there are many horror stories of poor service. One building society chief tells how details of his gold card were picked up by a gang of fraudsters in the Mediterranean. Working as they did, they began drawing payment on his gold card - issued by one of the Big Four clearers - even though he had not actually lost it.

The institutions refunded our money. But they face a security problem now that cheques for large sums (up to £15,000 at the Abbey) can be obtained on demand. In our case, only one in six false signatures was spotted as a forgery.

The customer service supervisor of our Halifax branch wrote: "I would confirm that the forged signatures were quite accurate." (We had foolishly stored Sainsbury direct-debit cheques with my wife's signature on them.)

Ours is not an isolated case. I recently heard of two women whose handbags had been stolen. In both cases, thieves obtained more than £1,000, much of it from building societies, with stolen credit cards, cheque books and a passbook.

Another feature of our case is the slow pace of investigation, connected with bank and building society concerns about client confidentiality. After three months, evidence from an Abbey National branch is still awaited by police.



It's easy for thieves to grow fat on your account...

A call to his bank on a Friday evening to say that £4,000 had been paid out on his card in Spain, a country he had not visited, produced only an instruction to call back on Monday. By then more than £10,000 of goods had been purchased on his account by the fraudsters.

What happens if you are outside the UK and cannot find the UK number to telephone or get someone else to ring for you? As a last resort, you could try contacting the

branches of local banks which are members of Visa International.

"A stranded card holder abroad can walk into any Visa bank and it must pass on the message and call the holder's bank," says a Visa spokesman, but she added that in practice staff in bank branches in some countries may be unaware of this requirement.

If you have a large number of cards it is a good idea to register them with card protection services, such as Cardwise, Creditcard Sentinel, or Card Protection Plan. These will hold all details of your cards for a fee of around £7 a

year and contact all your card issuers to have your cards cancelled in the event of loss.

Quite a few cards now offer emergency assistance, ranging from car advice, assistance to dentists, and hospital treatment. However, you will usually have to ask for it.

The best known emergency services are provided by American Express, but Barclaycard, with 9m customers, now offers International Rescue which can send you emergency cash by courier at no extra charge above the 1.5 per cent for Visa cash withdrawal. Visa International now maintains three international emergency centres across the world in London, Baltimore, and Singapore.

Card protection services may also be able to help. Cardwise can get you £500 by courier - interest free, although repayable in 28 days - if you have lost or stolen your card. Card organisations may not volunteer this sort of additional information when you report the loss, so it is worth asking them what services are available.

Good cards tend to carry automatic card protection and emergency assistance - perhaps one justification for their higher annual charges.

You should also ask whether you can get a replacement card sent to you urgently. This is one area where American Express has a clear advantage, as it can almost always get a replacement card to you within 24 hours.

A cautionary tale

ARMED with passbooks stolen from our home while we were on holiday, a woman impersonating my wife obtained £10,250 in two days from branches of the Abbey National and Halifax Building Society.

The institutions refunded our money. But they face a security problem now that cheques for large sums (up to £15,000 at the Abbey) can be obtained on demand. In our case, only one in six false signatures was spotted as a forgery.

The customer service supervisor of our Halifax branch wrote: "I would confirm that the forged signatures were quite accurate." (We had foolishly stored Sainsbury direct-debit cheques with my wife's signature on them.)

building society concerns about client confidentiality. After three months, evidence from an Abbey National branch is still awaited by police.

The police still do not know the identity of a Mr Archer to whom an Abbey branch made out a cheque for £8,900 on our passbook. The cheque was banked at a branch of NatWest. An Abbey official told me that someone at NatWest described Mr Archer to him as a trustworthy customer. But a NatWest spokeswoman has been unable to trace him.

We had two Abbey passbooks containing my redundancy money, and one Halifax account containing a lifetime of small monthly savings. All were stolen by the burglars.

Next day, a woman drew £200 at the Abbey National, Muswell Hill, and £500 at the Halifax, North Finchley. The following day it was £500 from the Halifax, Muswell Hill, and £150 from the Abbey, East Finchley, plus the £3,900 cheque. Two days later, she tried again but my daughter had put a stop on the account.

Meanwhile, a nervous young man tried to use our other book at the Abbey National, Haringey. His signature was inaccurate and he later rang the branch to say that the book should be posted back to us.

Clearly the method of checking signatures in financial institutions is unreliable. One safeguard would be to introduce cards to back up the passbooks. Our burglars stole a Midland Bank cheque book but could not use it without a cheque card.

An Abbey spokeswoman said: "We don't discuss security arrangements but we do everything possible to tighten security. When it is proved that money was fraudulently withdrawn we always refund the losses." A Halifax spokeswoman said: "Security is not something that remains static. In a case of forgery, we recompense the customer."

There is no easy way to keep passbooks safe during holidays. The best safeguard is to put a stop on the account immediately after a theft.

FINANCE AND THE FAMILY

How to... stand up for your pension rights

Protecting your future

BY THE time you retire, your occupational or private pension is precious asset, possibly exceeding the value of your family home.

While most pension schemes are well run and offer value for money, a small but significant minority prove faulty, either through intentional skulduggery or incompetence on the part of the salesman, provider or administrator. To protect your retirement income, it is essential to know how to stand up for your pension rights and make the complaints system work for you.

It is not always easy to find independent expert advice, particularly if you are embroiled in a complex pensions issue, such as your rights when a company pension scheme is wound up following a hostile takeover.

Fortunately there is a light shining on these murky waters. The Occupational Pensions Advisory Service (OPAS) offers free and independent support to any consumer who has a justified complaint. The service can be used by the scheme member or policyholder, as well as pensioners, dependants and those with deferred pensions.

If OPAS is unable to resolve a dispute, you can take the case to the Pensions Ombudsman who has statutory authority to give a binding ruling which the recalcitrant provider or scheme trustees must obey. The Ombudsman's services are also free and present a real alternative to the costly route through the courts.

Until April this year, OPAS was a charitable organisation dealing predominantly with complaints about occupational schemes. Now it has become a grant-aided non-profit making company, and has extended its scope to deal with personal pensions. During its first six months of business it dealt with more than 8,000 telephone calls and 4,000 written enquiries. Of these, about 1,400 cases required detailed investigation, four times the number of serious cases for the same period last year.

The most common complaints reported to OPAS relate to the amount of benefit on leaving service - and in particular transfer values. Other complaints concerned benefit

entitlement, membership conditions, the winding up of company schemes and the associated delays in receiving benefits, unequal treatment compared with scheme members of the other sex, Inland Revenue limits on unsuitable investment advice and ill health pensions.

OPAS also expressed concern about complaints from members of money purchase schemes - pensions which are not related to final salary but to the investment performance

advisers. These advisers, who work on a voluntary basis, are hand-picked by OPAS for their professional competence in the pensions field and are backed by OPAS regional and central panels of experts. Since these advisers make no money from this work and are obliged to pass on any case which might present a conflict of interests, their independence is assured.

The first job for the adviser is to identify the nature of the problem and, with the individual's permission, to contact the

relevant facts to assist the Ombudsman's work. OPAS also will write a detailed letter at the conclusion of its own investigation which can be used as the basis for the submission to the Ombudsman. Since April, the service has recommended 27 cases for the Ombudsman's attention.

Personal pensions, still in their infancy, have thrown up few complaints to date. However, Margaret Grainger, OPAS president, said: "We expect complaints about personal pensions to increase particularly in light of the forthcoming changes to the contracted out rebate terms, the withdrawal of the (government) incentive and a potential change of government."

OPAS sees itself as a first port of call for personal pensions cases. If you are dissatisfied with the response to your written complaint, OPAS will help you to find the correct complaints authority according to the nature of the grievance. You can bypass OPAS if you ask the provider to which complaints authority it is directly responsible. This could be one or more of the following: the Insurance Ombudsman, Laidro (Life Assurance and Unit Trust Regulatory Organisation), Fimpro (Investment Management Regulatory Organisation), the Banking Ombudsman and the Building Societies Ombudsman.

For contacts: Occupational Pensions Advisory Service (OPAS) should be contacted via Citizens Advice Bureau. The address for OPAS central office and the Pensions Ombudsman is: 11 Belgrave Road, London SW1V 1RB, tel 071-333-8800; Fimpro, Hermsmere House, Marsh Wall, London E14 9EW, 071-538-5860; Imro, Broadwalk House, 5 Appold Street, London, EC2A 2LL, 071-628-6022; Laidro, Centrepont, New Oxford Street, London WC1A 1QE, 071-379-0444; Insurance Ombudsman, 31 Southampton Row, London WC1B 5EH, 071-928-7600.

Pensions solicitors Ellison Westhorpe have written a useful guide to pension rights which is available free to Family and Finance readers. Send a stamped addressed envelope to Mark McKenna, Ellison Westhorpe, 21 Head Street, Colchester, Essex, CO1 1NH.

Debbie Harrison



of the fund - which are stopped after only a few years. Frequently, contributions are swallowed up by life office expenses and early termination charges. A significant number of complaints focused on poorly written scheme documentation and the subsequent misinterpretation by administrators.

Whatever the nature of your complaint, the first vital step is to write to the scheme authorities. In the case of an occupational pension, this will be the scheme trustees whereas for a personal pension you should write to the provider, normally an insurance company, building society or bank.

If you are dissatisfied with the response the next step is to contact your local Citizens Advice Bureau which will put you in touch with one of the national network of 840 OPAS

scheme authorities to assess whether the dispute can be resolved through conciliation. To help the adviser assess your case you should have available any relevant documentation, for example policy or scheme documents, trust deeds and benefit statements.

In the majority of cases, conciliation will be sufficient to secure redress. OPAS standing among pension schemes and private pension providers is such that few willingly take on the wrath of the service without just cause. But of course there always will be a hard core of offenders who refuse to budge. In these cases - estimated at 100 per annum - the statutory muscle of the Pensions Ombudsman is called for.

Individuals must apply directly to the Ombudsman but OPAS will advise on whether a case is suitable and will pass

Oh no, the corporate logo

ONE sometimes has the impression that today's captains of industry consider it *infra dig* to disclose in their company names what they actually make, except, of course, money.

It was not always so. In the days when Britain was the world's workshop and the private investor was still a force to be reckoned with, share certificates bore handsome engravings of a company's products - ships cleaving the waves, viaducts, locomotives, looms and jars of pickles.

Now famous companies seem to feel a compulsion to play alphabetical hide-and-seek. It is 11 years since I felt obliged to write to *The Times* to protest that a name reflecting a great engineering tradition - British Leyland - became BL, two mean and vacuous initials possible that he or she will read a column containing terms such as FE ratios, gearing and so on, which never descends to the vulgar matter of what the company actually does.

Companies might give the same consideration to the names in which their shares are dealt as to their much-prized brands. How odd that a

shareholders a splendid illustrated catalogue of its products, but those initials remain an impenetrable enigma - and what conviction is to be found in BM Group, BBA, BLP, BBS, BSG & Co.

A sign of the times, of course, in which proliferating forecasts of the Footsie index increasingly eclipse the nitty-gritty of the real companies

Harry Hopkins objects to initials which swallow company names

which compose it. And if the private investor - who is not buying "the market" but a share, should seek enlightenment in the financial pages, it is actively possible that he or she will read a column containing terms such as FE ratios, gearing and so on, which never descends to the vulgar matter of what the company actually does.

Companies might give the same consideration to the names in which their shares are dealt as to their much-prized brands. How odd that a

premier company in advertising and marketing should parade on the stock market as WPP (the former Wire and Plastic Products). Thank heaven we still have Reckitt and Colman and Tate and Lyle.

AGMs are a missed opportunity, held as they are in the suffocating grip of pinprick convention and company law. There is the occasional breakthrough.

At a recent Lasso AGM Chris Greenlee, chief executive, after the meeting, used visual and map aids to give shareholders a tour d'horizon of the company's oil prospecting, which most, I felt sure, found much more enlightening than the formal proceedings. Is there any reason why presentations should be confirmed to big brokers' analysts?

Fortune companies, such as Dalgety and Unigate, have used AGMs to distribute samples of their products: cat food, cheese, or pot-noodles. It is a principle that could be widely extended. Textile concerns could display their new fabrics, rag trade outfits clear the directors' desks to put on dress shows. Engineers could demonstrate machines and even

bring in a few blue collar workers to operate them. Shareholders might thus discover which of their directors knew what he was talking about.

Technology should be a reason for educating shareholders, rather than an excuse for keeping them in the dark. For some years, for instance, Chrysler has been developing a high-energy density sodium sulphur battery to power electric vehicles. It is a topical and important area, but few shareholders have any idea what the thing looks like or the problems involved. A down-to-earth demonstration - if possible a sight of the thing at an AGM - might give heart to shareholders, lending conviction in a way reassurances from the directors never could.

Nor should company visits be the preserve of brokers, analysts and journalists - who have no direct stake in a company, as shareholders have. Although such visits might be time-consuming, shareholders might cease to regard their holdings as mere gambling chips if they knew what a company actually made.

Capital gains tax indexation allowances: September

| Month | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Jan | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Feb | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Mar | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Apr | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| May | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Jun | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Jul | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Aug | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Sep | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Oct | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Nov | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |
| Dec | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 | 1,822 |

Source: Inland Revenue

CGT indexation

THE table above shows the capital gains tax indexation allowances for shares sold in September.

The *Weekend FT* will be publishing the table on a monthly basis from now on.

To use the table, multiply the original cost of your shares by the figure shown for the month in which you bought them. Subtract the result from the proceeds of your sale; the difference is your capital gain for tax purposes.

Remember, however, that you can deduct allowable expenses, such as legal fees, stamp duties or commissions, from your gain.

To take an example: suppose you bought £5,000 of shares in March 1984 and you sold them in September 1991 for £13,000. Multiplying the original cost by the March 1984 figure of 1.539 gives a result of £7,695. Subtracting the new indexed figure from £13,000 means that the capital gain for tax purposes - before any allowable costs - is just £5,305, less than the annual £5,500 exemption allowed each person.

If you are selling shares bought before 1982, use the March 1982 figure as your base-line.

Philip Coggan

Casebook

BES skeletons

SKELETONS from the entrepreneurial past of the Business Expansion Scheme continue to rattle. A company sponsored by Guinness Mahon, Superstores PLC, went into administration. It had been in business for less than three years, making its tax privileges hard to safeguard.

Many investors were startled to hear of the company's troubles. What happens to your tax privileges when this occurs?

John Harrison's *Outline Guide to the Business Expansion Scheme* says that where an investment falls within three years of the company being started (the period is four years for assured tenancy BES companies), relief is not necessarily lost, although it can be if certain conditions are not met. Tax relief is retained only if the company ceases to trade because it has been wound up or dissolved.

Relief can be lost, even when there is no return to the investor. Harrison's recommended procedure for receivers keep-

ing companies trading is to sell the BES shareholders' total shareholding for a nominal £1. This, shared between all the shareholders, can be deemed to be of "negligible value", and relief will not be lost, according to Harrison.

The affair also sheds some light on the role of a sponsor. While sponsors have some weight and reputation which can be influential, the running and corporate governance of a company remains in the hands of the board and management.

David Potter, chairman of Guinness Mahon, said the bank had attempted to be helpful to borrowers, some of whom had taken out loans of up to £10,000 to finance BES investments which are now worthless.

"We've actually given them longer to repay the loans," he says. "Investments in BES trading companies must be regarded as risk money. Tax benefits can be enormous but, if things go wrong, so can the mess."

John Authers

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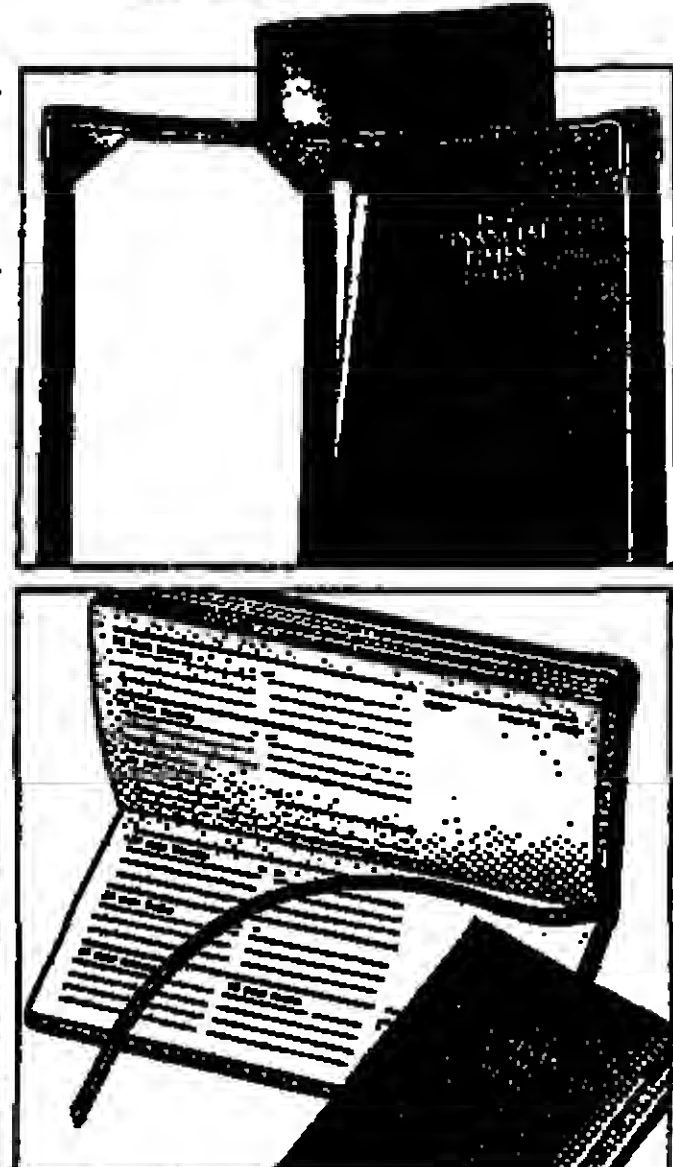
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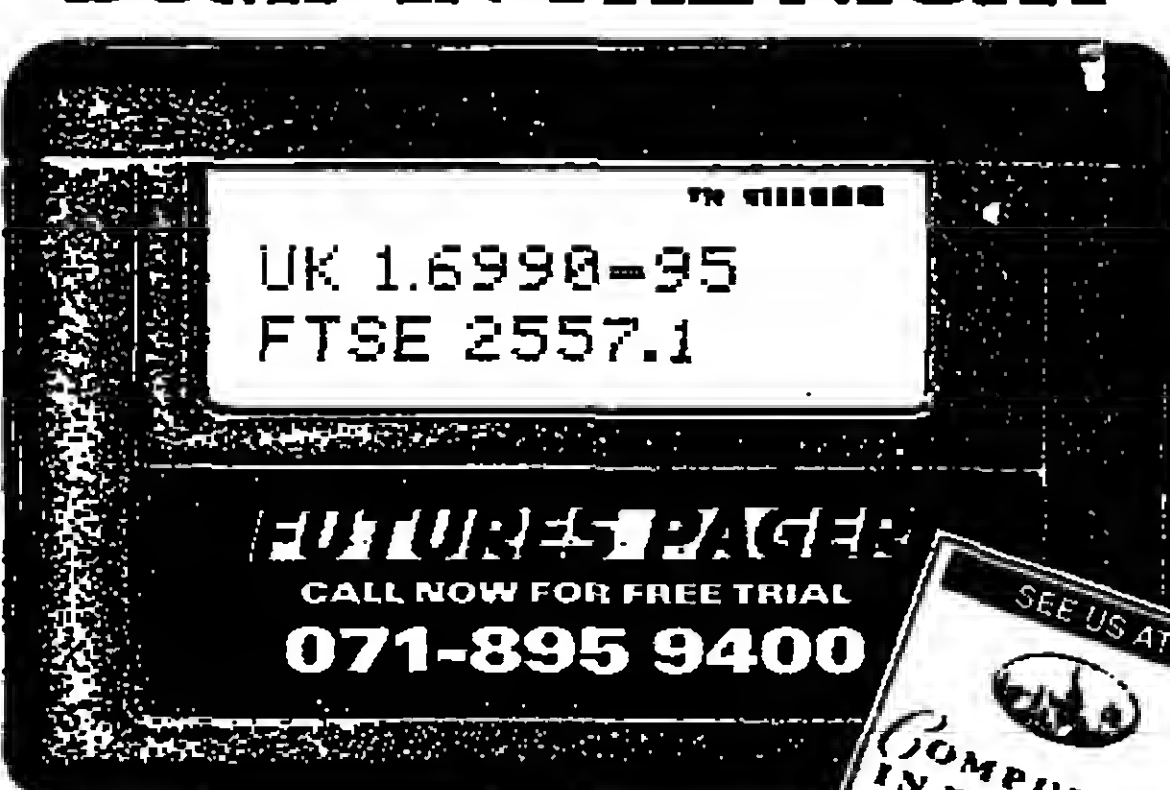
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FT SURVEYS

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FINANCE & THE FAMILY

Are managers who do the splits trustworthy?

A PRODUCT which offers something for everyone deserves a bit of scepticism. So it is with so-called split capital investment trusts - an increasingly popular product which offers different classes of investors what each wants most, and throws in a bit of tax efficiency to boot.

At their heart, split capital trusts are simple. They break equity down into its various components and apportion the respective gains into different classes of securities. Thus, there will be income shares receiving the dividend stream but little money at maturity; zero coupon preference shares with a first claim on most of the assets; and capital shares which are entitled to most of the asset growth. Those buying the income shares may gain a tax advantage on the fund's winding up date by declaring a capital loss. Those buying the zero-coupon preference shares

or capital shares gain a tax advantage because they pay no income tax on the unrealised gains, while the capital gains they receive on winding date are tax-free for the first £5,500. In short, it sounds like something for everyone. But is it?

The conventional wisdom about this structure is that it avoids the greatest single drawback of ordinary investment trusts - that of trading at a discount to their underlying net asset value. John Korwin-Szymanowski, analyst at SG Warburg Securities, says that the average split capital share trades at a premium of 4% per cent over net asset value, while traditional investment trusts are trading at a discount to NAV of 14 per cent.

The reason for the premium is simply that by offering shares tailored to different classes of investors - each with varying degrees of tax efficiency - you can greatly

broaden the pool of potential buyers which in turn, supports the price.

And while analysts say this is broadly true for the sector, it is not true for all split-capital trusts. For instance, yesterday, shares in M&G's Dual Trust were at a modest 3% per cent discount to net asset value. Also, River and Mercantile, which launched a split capital trust in 1987, concedes that its fund traded at a discount in the early years, although it is now trading at a handsome premium.

Meanwhile, Jim Stride, a director at Sun Life Assurance Asset Management, and a buyer of investment trust shares, points out that public confidence could easily be undone by a single split capital structure going wrong. For instance, if the investment performance of a fund proved too low to provide promised returns to all classes of investors at the wind-up date,



demand for shares could fade. But the real concern about split capital trusts is the inherent conflict of interest for the fund manager. Simply put, the interests of income shareholders can directly conflict with those of capital shareholders - the assets purchased to achieve one goal are not those purchased to achieve the other.

Recently, Tor Investment Trust took the unusual step of appointing a new fund manager, Sun Life. Sun Life is a holder of Tor's income shares but has a still larger stake in the capital shares. According to Korwin-Szymanowski, Tor's capital shares had risen only 27 per cent in the past five years,

producing an inflation-adjusted loss for shareholders. Meanwhile, its income shares had well outperformed the market.

"You require a strong board of directors to keep the fund in line," he said.

Lewis Aaron, investment trust analyst at Barclays de Zoete Wedd notes there are risks in stock selection aimed at producing income. "If you're looking for high-yielders, you can be picking some pretty dreadful stocks," he said. Indeed, the second largest stock holding in Tor's investment portfolio in July 1990 was the now-defunct Poly Tech.

Norma Cohen

Is small really beautiful?

Best small company funds over 3 years

| | % gain |
|---------------------|--------|
| Thornion UK SmCos | 33.9 |
| Capital House SmCos | 21.2 |
| Royal Life UK Emery | 16.7 |
| M&G SmCos | 12.1 |
| Holborn SmCos | 11.7 |

Offered to investors with income reinvested. Source: Firstcap

Best small company funds over 10 years

| | % gain |
|--------------------|--------|
| Govett UK SmCos | 649.5 |
| Aetna SmCos Div | 503.7 |
| Lloyds SmCos Recov | 464.2 |
| S&P SmCos Inc | 435.2 |
| M&G SmCos | 419.1 |

Offered to investors with income reinvested. Source: Firstcap

The tables show the best five UK smaller company unit trusts over the three and ten years to October 1. As can be seen, the three year figures are none too impressive, reflecting the 1989-90 poor performance of

smaller companies. The average small company unit trust lost 8.6 per cent over the last three years and over two years not a single trust shows a gain.

Over ten years, the figures are rather healthier with Govett's UK Smaller Companies Fund substantially ahead of the competition. Govett's fund is also top of the sector over seven years, second over five and eight over three, although its performance over the last two years has been below average. Back in March, when Fund Research analysed the sector, Govett's fund was one of the four best rated funds.

It is also worth noting that M&G's smaller company fund appears in both tables and is admirably consistent, having produced an above average performance over one, two, three, five, seven and ten years.

Four other funds have achieved similar levels of consistency - Aetna Smaller

Companies Dividend, Gartmore UK Smaller Companies, Lloyds Bank Smaller Companies Recovery, and Save & Prosper Smaller Companies Income.

A new fund has just been launched, James Capel's Trickle Index fund which is based on companies with market capitalisations of between £20m and £400m. The initial charge is 5.25 per cent - although there is a 1 per cent discount for the first three weeks - and the annual charge is 1 per cent. The expected gross yield on the fund is 5.5 per cent.

One final point is worth attention. Bid-offer spreads on UK smaller company funds, at an average 6.2 per cent, are among the highest in the industry. As of October 1, there were six smaller company funds with spreads of 7 per cent or more, and three - Guinness Mahon, Henderson and New Court - with spreads of over 8 per cent. Spreads of that magnitude require small company stocks to move pretty sharply for investors to get their money back.

Philip Coggan

No peace on the green

MY bungalow adjoins a village green where children play football and other ball games every fine afternoon. Our fence forms a "net" to their goals; consequently there is a constant banging as balls are kicked against it.

The recurring noise and risk of injury has for more than four years prevented us from enjoying our garden. The police are occasionally helpful but the Parish Council refuses to take action. Parental control is nil. Would we have a claim against parents whose children have made our garden a no-go area?

There would not be a claim in law against the parents of the children unless one or more of those parents is in fact the owner of the green. It is, however, likely that the green is registered as common land or as a village green, in which case the right to play games there will probably exist at law. If the land is not so registered you would need to ascertain who is the owner. An alternative would be to remove your existing fencing and substitute a post and wire fence.

Right of set-off

AFTER the closure of BCCI by the Bank of England, several of its creditors claimed that their exposure was reduced (if not completely cancelled) as they had exercised their "right of set-off". That, I believe, allows a lender to make allowance in full, under certain circumstances, for any assets by negotiating them against his borrowings from the same party.

My partner and I have debated whether we should spread cash investments over several institutions, or deposit them with a single institution (which happens to be our mortgagee). While we can get a better return by placing our funds with a single institution this would, however, increase the risk. I maintain that if the building society were to close, we could offset our principal and accrued interest by reducing our mortgage balance accordingly.

Does this right exist for depositors with building society accounts? If not, which financial institutions allow depositors the "right of set-off", if any?

The areas in which a true right of set-off exists, as opposed to a counter claim, are not readily definable. There are different rules for the common law right of set-off and equitable set-off, and the full amount of the latter remains an area of

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in this column. Questions will be answered by post as soon as possible.

Q It is by no means clear that a right of set-off would exist between an unsecured deposit and a loan secured on a mortgage. Unless you obtain express contractual terms admitting a right of set-off it would be a matter for the court to determine on the particular facts of the case whether you can claim such a right, and it would not be safe to assume that such a right exists.

Changing a name

Q HOW does one go about effecting a change of name by deed poll? Is it necessary to engage a solicitor? Could you advise me of the initial procedure.

A Provided you are a British citizen, the evidencing of a change of name by means of a deed poll requires the deed itself (signed in both the old and the new names) and a statutory declaration by a householder resident in the UK who has known you for at least ten years and identified you.

Both documents, together with your birth certificate, evidence of nationality, marriage certificate (if relevant) and spouse's written consent to the change of name, should be lodged for enrolment at the Central Office of the Supreme Court (High Court) under Order 83 Rule 10 of the Rules of the Supreme Court and the Enrolment of Deeds (Change of Name) Regulations 1983.

It is not necessary to employ a solicitor, but it might be simpler. A fee for enrolment and for advertisement in the *London Gazette* must be paid on lodging these documents.

Forced sale of land

I OWN two plots of building land jointly with my two sisters as tenants in common. They both wish to sell to a developer but I do not. I have no dispute that the price is wrong; I just want to hold on. Can they effectively out-vote me and force a sale?

The two tenants in common who wish to sell can force a sale, since you hold the land on trust for sale; and section 30 of the Law of Property Act 1925 enables those who wish to sell to get the court to enforce the trust by ordering a sale.

Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

| Company | Shares | Value | No of directors |
|---------------------|-----------|-------|-----------------|
| SALES | | | |
| Adwest Group | 88,000 | 106 | 1 |
| Debn Tew & Chinnock | 11,800 | 12 | 1 |
| Dolphin Packaging | 1,400,000 | 2,002 | 2 |
| Enterprise Oil | 5,000 | 27 | 1 |
| EW Fact | 17,797 | 21 | 1 |
| Fired Earth Tiles | 25,000 | 20 | 1 |
| Gerrard & National | 131,159 | 407 | 6 |
| Hartys & Hanson | 3,600 | 35 | 1 |
| Ladbroke Group | 100,000 | 261 | 1 |
| Shoptite | 25,000 | 87 | 1 |
| Temp Galb & Hanebgr | 130,000 | 332 | 2 |
| Weir Group | 61,381 | 260 | 1 |
| PURCHASES | | | |
| B S Group | 25,000 | 34 | 1 |
| Bankers I | 20,908 | 24 | 3 |
| Britannia Group | 25,000 | 13 | 1 |
| Dencora CR Pref | 15,000 | 12 | 1 |
| Dumas Group | 43,572 | 11 | 4 |
| Enterprise C'puting | 511,485 | 62 | 1 |
| Kleen-E-Ze | 50,000 | 17 | 1 |
| Lucas (Warrington) | 100,000 | 22 | 1 |
| Sphers IT (Inc) | 100,000 | 25 | 1 |
| Westport | 301,500 | 10 | 1 |
| Wimpey (George) | 15,000 | 23 | 1 |

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 21-25 October 1991.

Source: Directors Ltd, Edinburgh

THE BEST RATES FOR YOUR MONEY

| Account | Telephone | Notice/term | Minimum deposit | Rate % | Int. paid |
|---|-------------------|------------------|-----------------|----------------|-----------|
| INVESTMENT A/Cs and BONDS (Gross) | | | | | |
| Southdown BS | SuperSaver | 0273 471671 | Instant | £1 10.25% | Y/Y |
| Cheltenham & Gloucester BS | London Share Acc | 0452 372372 | Instant | £2,500 11.15% | Y/Y |
| Northern Rock BS | 01st Sotper | 081 285 7191 | 60 Day | £50,000 11.61% | M/Y |
| North of England BS | Premier 80 | 091 525 8272 | 60 Day | £50,000 12.00% | Y/Y |
| Lancasterian BS | Lancasterian Bond | 061 643 1021 | 31.8.92 | £25,000 12.25% | OM |
| Chelsea BS | 0800 272505 | 2 yr Option Bond | 2 Year | £5,000 12.25% | Y/Y |
| Chelsea BS | Premier Account | 0800 272505 | 31.12.93 | £10,000 12.5% | Y/Y |
| TESSAs (Tax Free) | | | | | |
| Allied Trust Bank | | 071 826 0679 | 5 Year | £9,000 13.24% | Y/Y |
| National Counties BS | | 0372 742211 | 5 Year | £3,000 13.10% | Y/Y |
| Lambeth BS | | 071 826 1331 | 5 Year | £20 12.90% | Y/Y |
| Darlington BS | | 0325 487171 | 5 Year | £1 12.90% | Y/Y |
| HIGH INTEREST CHEQUE A/Cs (Gross) | | | | | |
| Caledonian Bank | HICA | 031 558 8235 | Instant | £1 10.00% | Y/Y |
| Capital Plus | 0734 580 411 | Instant | £1,000 9.90% | OM | Y/Y |
| Chelsea BS | Classic Postel | 0242 521391 | Instant | £10,000 10.70% | Y/Y |
| Northern Rock BS | Current Acc | 081 285 7191 | Instant | £25,000 10.71% | M/Y |
| OFFSHORE ACCOUNTS (Gross) | | | | | |
| Portman Channel Islands | Channel Isls Acc | 0481 822747 | Instant | £1,000 10.20% | Y/Y |
| C & G Channel Islands Ltd | Guernsey Gold | 0481 715422 | Instant | 100,000 11.50% | Y/Y |
| Alliance & Leicester (IOM) | Manximum 90 Day | 0824 883566 | 90 Day | £25,000 9.00% | Y/Y |
| Yorkshire BS Guernsey | Key Extra | 0481 719898 | 180 Day | £50,000 12.25% | Y/Y |
| Bristol & West Int'l Ltd | Double Guarantee | 0481 720009 | 1.12.92 | 100,000 12.00% | Y/Y |
| NAT SAVINGS A/Cs & BONDS (Gross) | | | | | |
| Investment A/C | | | 1 Month | £5 8.50% | Y/Y |
| Income Bonds | | | 3 Month | £2,000 11.00% | M/Y |
| 10.25% WEPF 28.11.91 | | | 5 Year | £100 11.9% | OM |
| Capital Bonds C | | | | | |
| NAT SAVINGS CERTIFICATES (Tax Free) | | | | | |
| 98th Issue | | | 5 Year | £25 8.50% F | OM |
| 5th Index Linked | | | 5 Year | £25 4.50% OM | |
| Childrens Bond F | | | 5 Year | £25 11.84% OM | |

Chelsea's account has a fixed rate till March 1, 1992. Thereafter, the rate is variable. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed Rate All other rates are variable. Oct = interest paid on maturity. N = Net Rate, S = Bond. Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsby House, Bournemouth.

MINDING YOUR OWN BUSINESS

Big adventures for a little Ragdoll

EVERY Thursday afternoon on BBC television, a tiny old-fashioned car, looking like an escapee from Noddy, leaves its garage home in the Cotswolds and sneaks off for some adventures in the "big town". Its headlight eyes swivel and its starter handle whizzes round, as it chugs along pavements, foiling crooks, helping stranded children and generally getting into awkward scrapes.

The big adventures of a little car called Brum are the creation of Ragdoll Productions, a very small, independent programme producer.

Its short history highlights the fun and the frustration of working in a creative but tough industry. "There are a awful lot of insecure people in television," says Anne Wood, Ragdoll's owner.

Wood has worked in TV since the mid-1970s, from freelance producer at Tyne Tees to setting up the children's department at TV-am. She did not have her contract renewed there in 1984 and so the following year set up Ragdoll in Birmingham to produce children's programmes.

"I am very good with conceptual ideas and I love the possibilities that children have in using their imagination," she said. She had no money, although the salary of her husband, a television executive, provided a cushion. She also had little business experience, even though running a magazine, *Books for Your Children*, from her home since 1985.

"That just showed me how little I knew about business. I really didn't want to set up on my own because of that. When I set up Ragdoll, I blundered about a bit. I had to come to terms with what I didn't know."

Even now, Wood must ring her accountant to be reminded of details on Ragdoll's

turnover and profits. What launched Ragdoll was Wood's idea for a hobo-like living in a television set. Channel 4 bought the concept for 16 half-hour programmes, paying up front for a programme budget and then a fee once the programmes were completed. This is common practice in programme-making, the fee normally working out at just above 10 per cent of the budget. In this case, the fee was £30,000, for which 53-year-old Wood had to subtract £2,000 for overspending during the making of the series.

"Fees are designed to help you stagger from one production to the next, but this

franchise.

This partly explains the swings in Ragdoll's accounts. It notched up a turnover of £1.5m in 1989 on which it made a pre-tax profit of £140,000. Last year, it could manage just £1m and broke even. Wood took a yearly salary then of £12,000, though she says it is more usually about £20,000.

"Another problem is that broadcasters will not give you a three-year commitment on a programme, even if they have decided that is what they are looking for. So you work on a knife-edge, and have to have more than one programme going at any one time."

Children's television is as costly to make as much of adult TV. Wood says it works out at about £1,000 to £1,500 per minute all in, though Brum cost closer to £2,000. This included £20,000 for the little radio-controlled vehicle and a less sophisticated stop-motion, both made by a special effects company.

Unlike the more usual system of funding a programme, the £430,000 required for Brum was funded by Ragdoll with the help of a total of £150,000 from the BBC, Birmingham City Council, and an advance on a planned video of the series. Wood employs seven office staff. Others work freelance. An art director for one series costs about £30,000 a year and a script writer between £10,000 and £25,000.

Ragdoll competes not only with other independent programme-makers, but also with Disney and the other mammoths of children's television. New outlets, like BSkyB, want programmes for a price that is uneconomical for her, Wood says. She also gives the impression that she believes coming remains of old favourites such as *Noddy* and *Cliffhangers* is a realistic step.

Ragdoll is looking at the Japanese market to see if there is scope for an

English-teaching children's programme. The company, though, is mainly putting its faith in video. Some 200,000 of Central TV's *Rosie and Jim* have been sold at £3 each, and Ragdoll expects 40 per cent of net profit. For the video of Brum, Wood will take a higher percentage, and of merchandising, such as the planned Brum Corgi toy.

"This is often a nail-biting industry, but, after six years, we now have real business potential and video will make money for this company," Wood says.

So far, Ragdoll has borrowed nothing, funding everything from within. To grow the business, Wood is slowly coming around to the view that she might have to dip her foot into the loan market.

Ragdoll Productions, 49 High Street, Henley-in-Arden, West Midlands, B95 5AA. Tel. (0564) 754 076.

Nick Garnett looks at Ragdoll, a small player in the cut-throat world of children's programmes

first one helped to establish the business.

Since then, Ragdoll has been in Henley-in-Arden, West Midlands, has made a dozen series, including the *Magic Mirror*, *Playbox*, and *Rosie and Jim*, about two ragdolls travelling on a canal boat.

Most of these have been for ITV companies and Wood has been forced to face the two perennial problems posed for small, independent programme-makers. Broad-

casters do not like funding research and development of new programmes, and every so often independent producers have their market whittled down under their feet. This happened both when Channel 4 decided two years ago not to take children's programmes, and in the uncertainty during the just completed bidding for ITV

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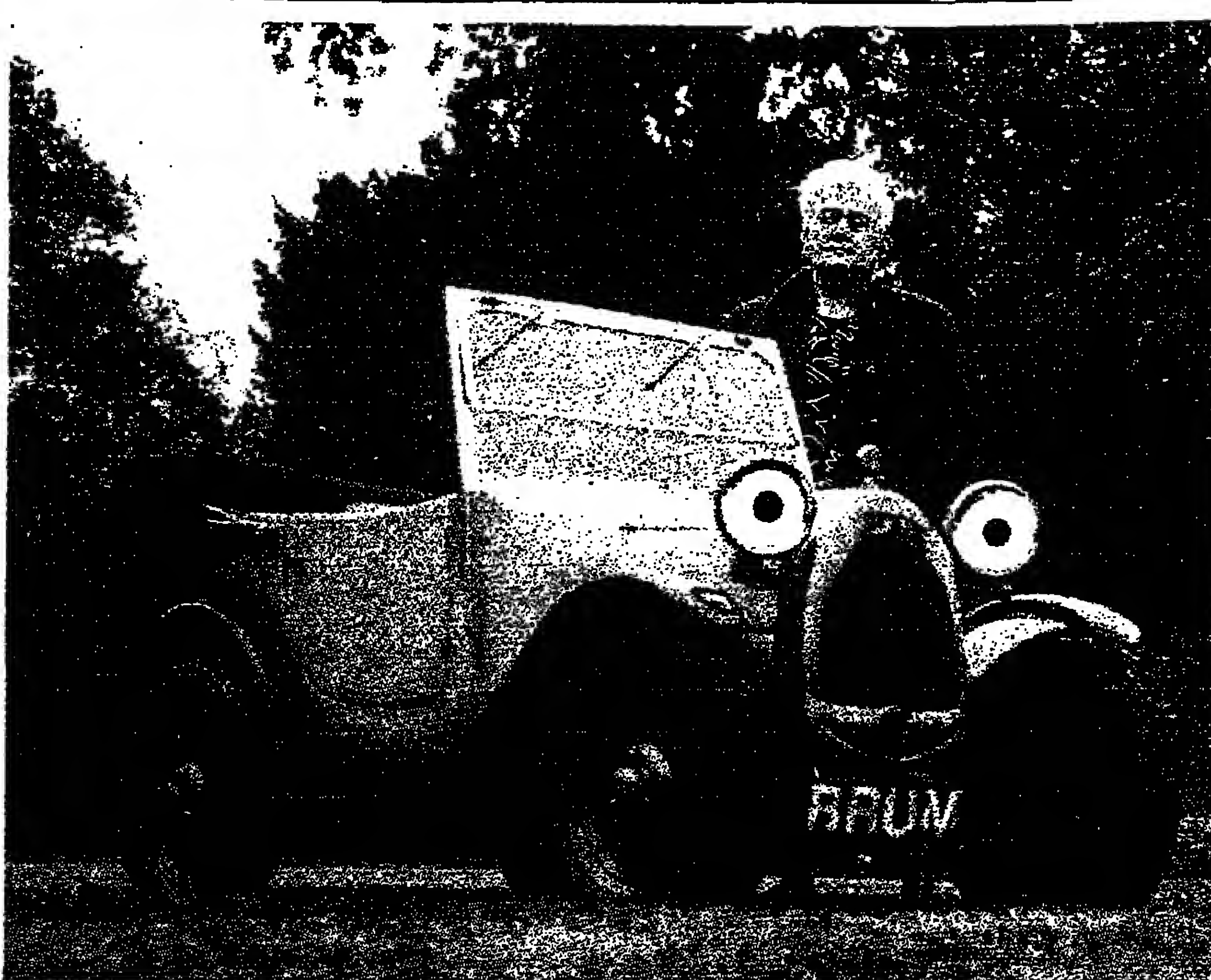
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■ "Understanding the Profit & Loss Account and the Balance Sheet," "Analysing Financial Statements," and "Your Personal Computer and How It Works" £35 each from Ivy Education Ltd, Publishing, 59-103 Long Grove, London SE5 7BN.



Driving force: Anne Wood, owner of Ragdoll, with the car that stars in one of her shows

English-teaching children's programme. The company, though, is mainly putting its faith in video. Some 200,000 of Central TV's *Rosie and Jim* have been sold at £3 each, and Ragdoll expects 40 per cent of net profit. For the video of Brum, Wood will take a higher percentage, and of merchandising, such as the planned Brum Corgi toy.

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Computing/Jean Miles

Learn balance sheets from an electronic teacher

I ALWAYS used to find it profoundly mysterious, and at the same time rather soothing, the way balance sheets balance. The company must be doing all right, surely, if the figures add up so satisfactorily. Nowadays, with doom and gloom on every side, and even some blue chips companies looking risky, a more sophisticated approach might be appropriate.

I have been trying two of the "computer-reinforced education" programs from Ivy Education Ltd, Publishing, "Understanding the Profit & Loss Account and the Balance Sheet" and "Analysing Financial Statements".

They are thoroughly satisfactory programs, tough, entertaining and useful. Information is never too much at a time - slides attractively on to the computer screen in glori-

ous colour. Examples are frequent. Most helpful of all, I found, was the way the programs kept asking questions.

I started off with the pre-test in the Profit & Loss Account and Balance Sheet program. "Elementary", according to the publishers. I have been reading annual reports with some attention for 30 years or so. This will be easy for me, I thought. I scored a thoroughly embarrassing 50 per cent. Through-

out the program, there were more

questions every time a new point had been covered, then questions on sections of the program; and finally a test on the whole thing. (I did much better. The program never failed to explain why a wrong answer was wrong. Often, indeed, correct answers were rewarded with further explanation or comment.)

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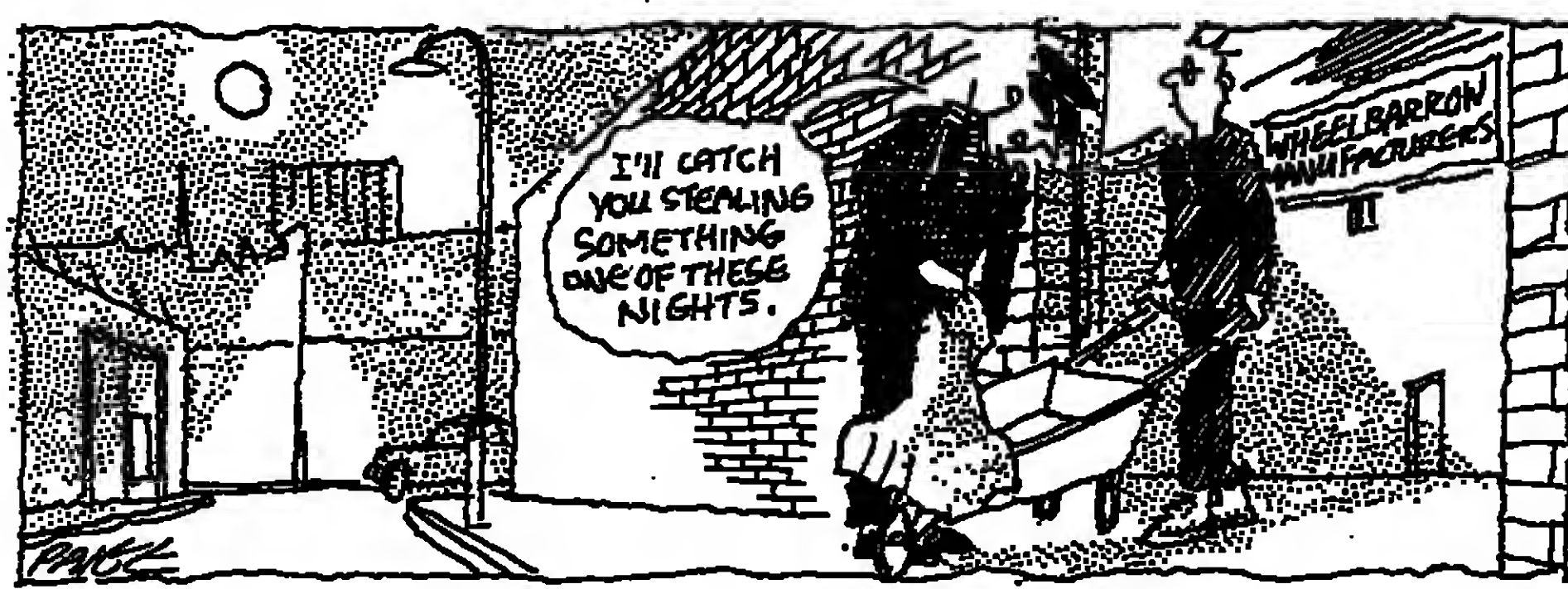
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A colonel on guard

"WE HAVE our board meetings in bed, normally at three o'clock in the morning," says Lieutenant Colonel Richard Evans.

Evans and his wife, Libby, are founders and directors of The Watch Security in Warwick. It provides uniformed guard and patrol services in a radius of 30 miles to operations ranging from the BBC to Alvis the tank-makers, local hospitals and the Royal Shakespeare Company in Stratford. In just over five years they have reached a turnover of £12.5m, with gross profit of 20 per cent and net of 5 per cent, and their squad of guards has grown from six to 140.

The idea arose when Colonel Evans left the Army and joined Alvis. "The girls were leaving school and Libby wanted to work," From commanding the 3rd Royal Tank Regiment - "the last level in the Army when one's on intimate terms with a lot of people" - in early 1985 he was moved to the Ministry of Defence as an international staff officer, where Alvis approached him. While The Watch was getting started, the colonel continued with them and is still a consultant.

"It is a people business and took only £10,000 to set up. The Army bounty helped. "But we were naive when we started. You think you're very good as a man manager in the Army. But of course the problems are quite different. There you have an order. If the man disagrees, you put him in the nick for 28 days. Here you really have to learn how to manage people."

Those early years were hard. The first lesson in security is that it is needed most at night and weekends. "If a guard was ill, I got into a uniform and did it myself, then, rushed home to put on a suit and go to Alvis. Those days we'd tell anybody. Yes, of course we'd do the job. Now we are much more selective," the colonel said.

Mostly The Watch guards commercial premises. But it also offers a patrol service, specially for industrial estates

where small companies club together to share the cost. The younger guards are on the patrol, as they must be in and out of their fleets vans 800 times a night.

He has no difficulty recruiting and pays well in a low-paying industry, "as much as Securix but of course our over-earnings are far less." About half the guards are ex-servicemen, the bulk are in their late 40s or 50s, when it is hard to find work.

"They like wearing uniform and being in a team, and there are no young lads with whistles about working nights or anti-social hours. If there is trouble, they are older than most criminals and have the authority of age. Their biggest

problem is being alone hours on end. But it helps to have middle aged women on the telephone in the control centre. When rain is dripping down some poor guard's neck, the girls are a wonderful support. But they also make decisions, about calling the police or the keyholder" (The Watch runs a keyholder service for coping with burglar alarms).

The guards must call in at set times if one is more than 15 minutes late then a controller ("officer of the watch") goes to check the guard has not been hit over the head or, as happened recently, hurt falling into the inspection pit in a garage and unable to move.

The colonel finds it harder than in the Army to foster team spirit as the work is dispersed, but a fortnightly newsletter helps, highlighting good incidents and rebuking offences. So does a flat rate bonus at Christmas, Easter and bank holidays. Guard turnover is low. "This is not a sophisticated business. Our speciality is people. And people are grate-

ful for people," said Libby. Guards begin as probationers watch guards then become staff guards and get a pay rise. Above them are controllers and area managers. As an old soldier, the colonel is keen on the ranked structure. Night is the busiest time, with about 70 men on duty. Usually the same men do the same jobs. Only a few act as commissionaires - "our prime role is security rather than looking pretty."

Guards are expected to call the police. "I don't want heroes. We don't arrest. There was a car theft the other night. The guard was going round the garage compound and saw a man sitting in a Range Rover and another beside it who said he was the owner's son. The guard was sure he wasn't but, as they were tough chaps, said 'Fine, I understand,' and let them go, and immediately telephoned the police who picked them up down the road."

"We must be very careful about armed arrest. But guards can make people hang around till the police come... Relations with the police are good. We're not acting as policemen, but looking after clients' property. We owe them a lot of their support, though with so few of them on duty there's a quid pro quo in it."

How did Libby find it after being the colonel's wife in the Army, a role my cousin (who was one) called being an unpaid social worker? Very exciting, rewarding, and hard work, far harder than those days. She is in charge of the finance and has trained herself in computers. "You don't have the back-up the Army gives. For the first four years we scarcely had a weekend off."

Now they look for long-term contracts which come increasingly by recommendation, even though there are cheaper competitors. The latest is a large collective scheme in Coventry, at the request of the City Council. Already there has been a dramatic drop in incidents.

■ The Watch Security Ltd, 9 Market Place, Warwick CV34 4SA. Tel. 0245-493460

Turning a screen to silver

THE recession helped the first year of a new cinema in Richmond, as people sought brief escapes from high interest rates and falling property prices, writes *Antonia Sharpe*.

Philip Knatchbull, the co-founder of The Richmond Filmhouse, says that in spite of a slow start, business has developed and has been largely within target. Since the opening of the 150-seat cinema in July 1990 (it was featured on this page in June of that year) admissions have amounted to 64,000, just under the profit target of 70,000, bringing box office receipts to £245,000, compared with a target of £250,000. However, this included a £1 rise in ticket prices to 25 in April, partly as a result of the rise in VAT.

Annual general meeting, however, tax, depreciation and interest was slightly disappointing at £50,000, compared with hopes for £60,000, and reflected poor bar and kiosk earnings.

Forecasts of £10,000 from a free circulation monthly were dashed when the magazine was scrapped after three issues because it was too expensive to produce. Labour came in at £10,000 above the budget.

On the plus side, a film club attracted 2,000 members, each paying £10 a year. The club offers a discount tickets, Sunday morning screenings of new films before general release and bi-monthly programme notes. The cinema also repeated the expected £15,000 from screen advertising and Rank has extended its option for a second year.

The cinema attracted only 20,000 admissions in the first six months. But this doubled in the next six months as awareness grew among the public and the film distributors. Philip says that in the worst week, three months after the opening, admissions were 184. But the turning point came in March with the showing of *Cyrano de Bergerac*, which drew 2,500 in one week.

The Richmond Filmhouse's emphasis on art and cult films has paid off. Ironically, some off-beat films *Madly* and *Deeply*, have become box-office hits, thus making distributors more willing to offer the occasional mainstream blockbuster.

Philip's only fear is that his cinema may be a victim of its own success. In the last year, the local three-screen Odeon has been refurbished and in February, a second four-screen Odeon is due to open in Richmond.

■ The Richmond Filmhouse, 25 St. James's Place, Richmond, Surrey TW9 1JL. Tel. 0181-871-7340

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LEGAL NOTICES

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IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 11th October 1991 presented to Her Majesty's High Court of Justice for the confirmation of the Reduction of the Capital of the above-named Company from £25,000.00 to £12,500.00 by returning capital of £12,500.00 to the shareholders of the said Company.

AND NOTICE is further given that the said Petition is directed to be heard before the Honourable Mr. Justice Hoffmann at the Royal Courts of Justice, Strand, London, W.C.2, on Monday the 11th day of November 1991.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of share capital and cancellation of share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the Regulated Charge for the same.

Dated this 2nd November 1991

Clifford Chance

Royal House

Aldermanbury Square, London EC2V 7LD

RWCMD

Solicitors for the Company

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PROPERTY

ANY foreigners planning to buy a mountain holiday home in Switzerland this year, or next, might as well go ahead.

The Swiss, in spite of their intention of joining the EC, are unlikely to relax their restrictive rules on foreigners buying second homes for at least five years according to the Federal Department of Justice and Policy in Bern.

However, developers and agents dealing with Swiss property have noted for some time a more flexible attitude from the authorities towards purchases by non-residents.

With more than 1m non-Swiss among its 6.7m population, Switzerland has been wary of allowing foreigners to buy second homes there; it began restricting sales to foreigners in 1961. A non-Swiss is permitted to own only one property in Switzerland, and a quota system establishes the number of homes that may be sold annually to non-residents.

This number has gradually declined. In 1985 it was 2,000; in 1991 it is 1,420. It seems to have stabilised and the same figure will apply next year.

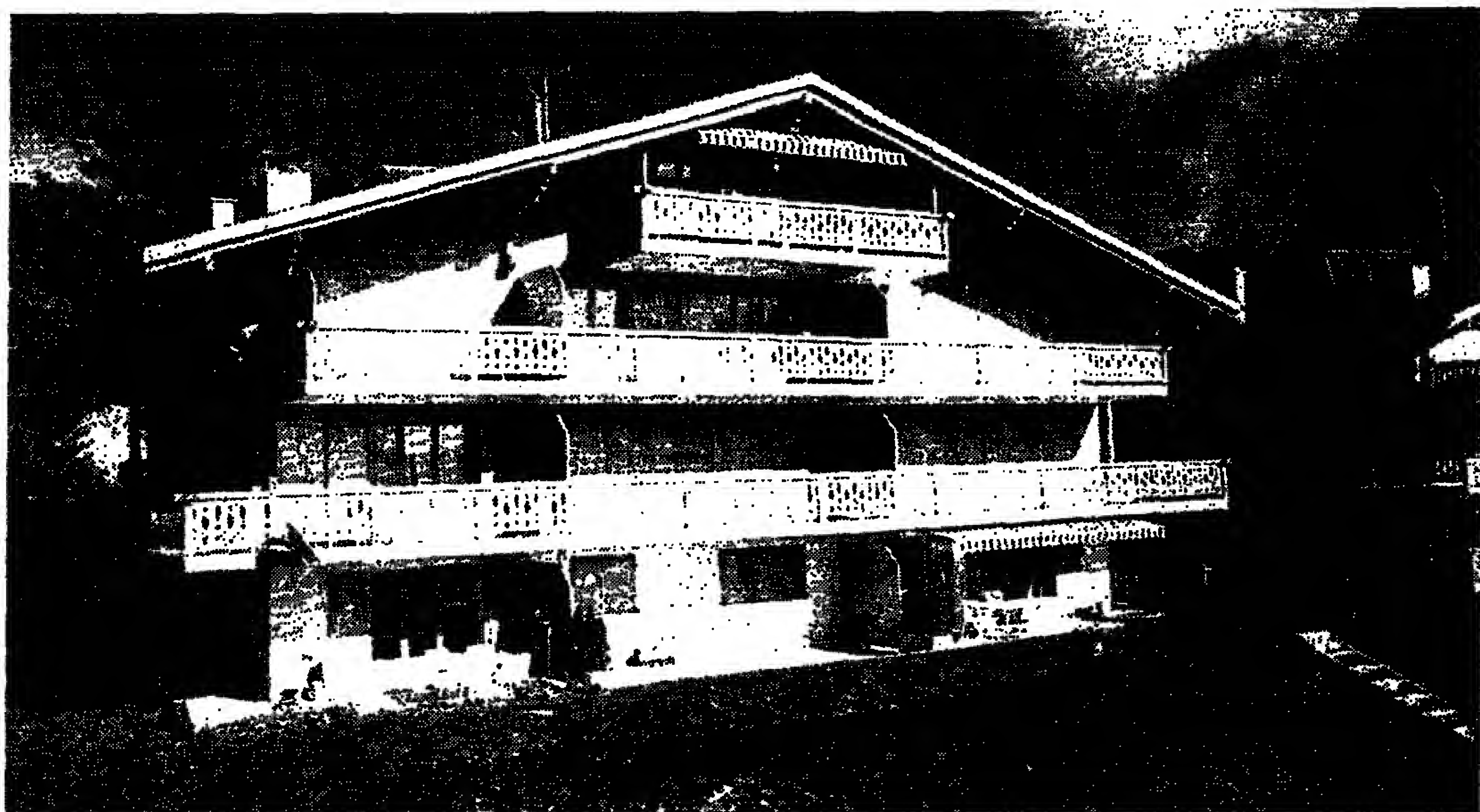
One agent acting for Swiss properties says that although only about 65 per cent of apartments in a new block are officially permitted to be sold to foreigners, his company has been allowed to sell seven out of eight apartments in its chalets to foreign buyers. Another stipulation (there are many) stipulates that non-residents may not own a property of over 100 sq m. But his company applied to sell 195 sq m apartments to foreigners, and this has been approved.

"I think it is for economic reasons," he says. "With the real estate market everywhere feeling the pinch, Switzerland is no exception."

Another agent, perhaps a bit more cynical, suggests that Switzerland is trying to be an EC look-alike "to reduce criticism of its restrictive housing policy."

A notary, commenting on this, says: "Even if Switzerland has to abolish the laws governing the acquisition of second homes by foreigners, these would certainly be replaced by other stringent measures."

Another sign of change relates to the 26 cantons between which the annual quotas are distributed. One of these, Valais, always popular with the British, closed in 1987 to non-resident buyers. Now, following the intervention of local tourist resorts and professional associations, it is begin-



Mountain views: ornamental timber balconies decorate an apartment chalet in Villars

Swiss unlock chalet door

Audrey Powell says foreigners are finding it a little easier to buy alpine hideaways

ning to allow such sales again. In fact, Valais is now the canton with the highest number of properties available to foreign buyers: 310. Quotas for other cantons include Orisons with 270; Ticino with 180; Vaud with 160 and Bern with 125; the others are in double or single figures. Even then, some cantons do not necessarily use their allocations.

How does the market for the sale of Swiss homes to non-residents look from the developer's side of the desk? Nigel James, in the London office of Kohli Construction, says: "Business has been flat but by no means disastrous."

Kohli is a third-generation family company which builds apartment chalets in traditional Swiss style. It has two projects in Villars in the canton of Vaud, which has properties available within its quota to foreign buyers.

One is complete; remaining units are priced from £114,000. The other, with 11 apartments, will be finished next summer: prices from £110,000 to £272,000 (071-589-4587).

Kohli has also begun building in Crans-Montana, in Valais. Prices for the 23 units run from £96,000 to £215,500 - for a single flat occupying the top floor of the chalet.

Another family company is Immobiliere de Villars (IDV), also with an office in London (081-749-2188). IDV's wide choice of properties includes apartments in various chalets built in a Villars hillside private estate with views over the Rhone valley to Mont Blanc and the Alps. Large units, some with gardens, are priced from £257,000 to £335,000, to be completed by Christmas 1991.

Alternatively, a "serious skiers' chalet," the only one right on a ski run in the estate, has

eight one to four-bedroom apartments, at prices starting at £165,000.

In the same resort, 75 minutes from Geneva, IDV is at work on Chalet Residence Bristol, which will have 38 one to three-bedroom serviced apartments entirely for use by their foreign owners. This contrasts with the more common "aparthotel" arrangements, under which units must be leased back to the management for much of the year for letting as hotel rooms. Prices from £177,000 to £339,500.

In the spring of 1992 IDV will begin work on Le Domaine des Alpes, in the nearby village of La Barboleusaz: three apartment chalets on a hillside estate of pine trees, close to the mountain railway. The company is also planning a series of chalets in Anzere, in the canton of Valais, together with an aparthotel.

Villas Abroad (VA) in London (081-591-5444) is a sister company of the Lausanne-based Villapart, and keeps in close touch with the Swiss property market. It offers new and resale property in several parts of Switzerland.

Resale has its own set of complicated rules intended to thwart speculators. These govern when, to whom, and for how much an owner can resell. The regulations are slowly being unravelled, and more of them are likely to disappear, but anyone thinking of buying in Switzerland should study them carefully. Remember that rules can vary from one canton to another.

Ariette Adler of VA says that as rules have become easier, there has been an increase in resale. "Switzerland is up to its ears in resale properties." Having cost less to start with, these can be offered more

cheaply than new properties. For example she cites a village with a two-bedroom apartment at \$83,000 and a three-bedroom version at \$84,000, both resales. A new apartment in the village, with just one bedroom, is £110,000.

She notes another relaxation in the market: unused quotas can be carried forward to the next year. This could further increase the amount of property available to foreign buyers.

So who are they, these foreign buyers? In 1989-1990, Germans headed the list, buying 340 units. The British came second, buying 131. These were followed by the French, 75; the US, 44; the Dutch, 32; Belgians, 28; Middle Eastern buyers, 18. Some 66 units were bought with foreign capital by companies established in Switzerland.

Rural calm

IT IS not uncommon for derelict hamlets to come on the market in France or Italy. Buyers prepared to restore the properties for sale or letting are sought. You rarely hear much more after that.

One such group of rural buildings that actually has been updated is available, with 146 acres, north of Narbonne in south west France.

It is 45 minutes' drive from the Mediterranean. This is not a proposition for bargain hunters but rather for those prepared to pay for their tranquility. The Dutch owner, Guy de Viet, who lives in London, is asking £300,000 for the estate.

Formerly a fig farm, La Figuliere, near Rieussec, was abandoned 50 years ago and lapsed into ruins.

In the 1970s de Viet was looking for a place to renovate as a relaxation from the stresses of life in the oil industry.

A friend had restored a village "and I thought it was a lovely idea," he says. He liked what was left of this 300 to 400 year old group of stone-built properties in the acres of fig

trees and vines and bought the estate.

A manager was installed to look after it and start renovating the buildings. De Viet worked on them himself during visits. Local craftsmen were brought in when necessary.

A slow operation, it was 12 years before all seven properties, ranging in size from one to five bedrooms, had regained their original appearance and the interiors had been equipped with the amenities for modern living. De Viet says he spent £300,000 restoring them and most will be sold furnished.

The estate now has a swimming pool, tennis court, *jeu de boules* (bowling area) and a volleyball court. There is also a barn used for recreation.

Montpellier and Toulouse airports are about a two hour drive.

De Viet says letting the houses can bring in £22,000 a year or more, but the full potential of these and the land has never been exploited.

London agents are Domus Abroad (071-409 0571).



This French manor house dates from 1790. Apart from walls three feet thick, it has been almost rebuilt to make 11 two-bedroom flats. Now complete with swimming pool and tennis court, it stands in a two-acre walled garden in a village between Toulouse and Lourdes.

Its British owners are a group of friends who spent two years directing the work. The flats are for sale, £25,500 to £58,900, through Domus Abroad. (Tel: 071-409-0571).

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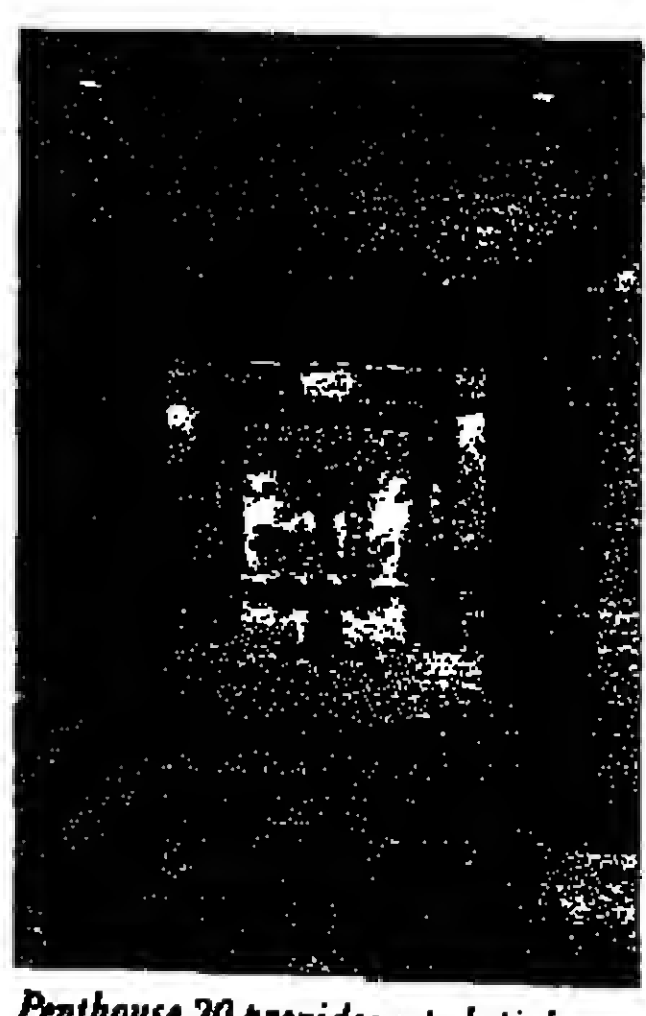
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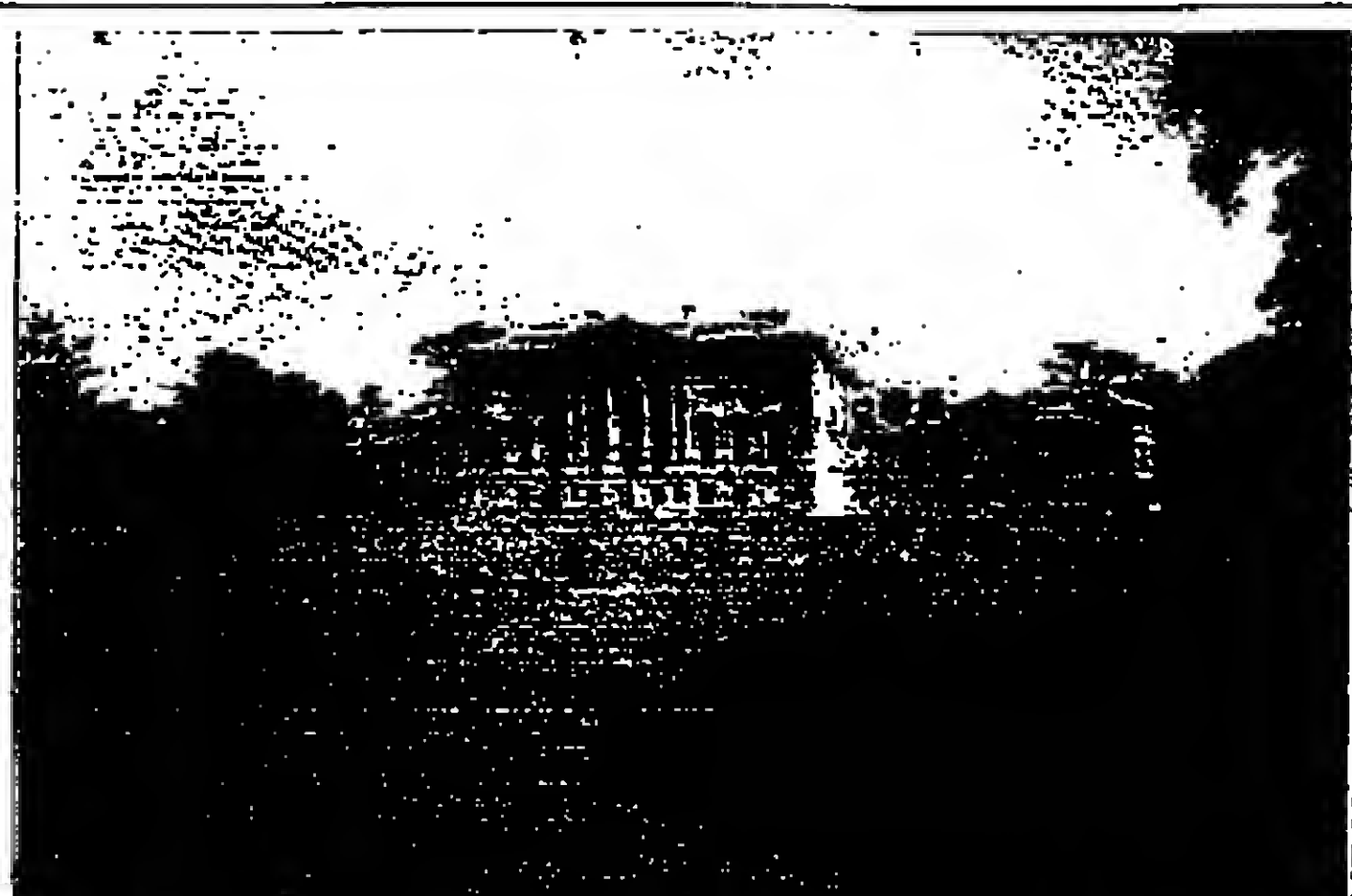
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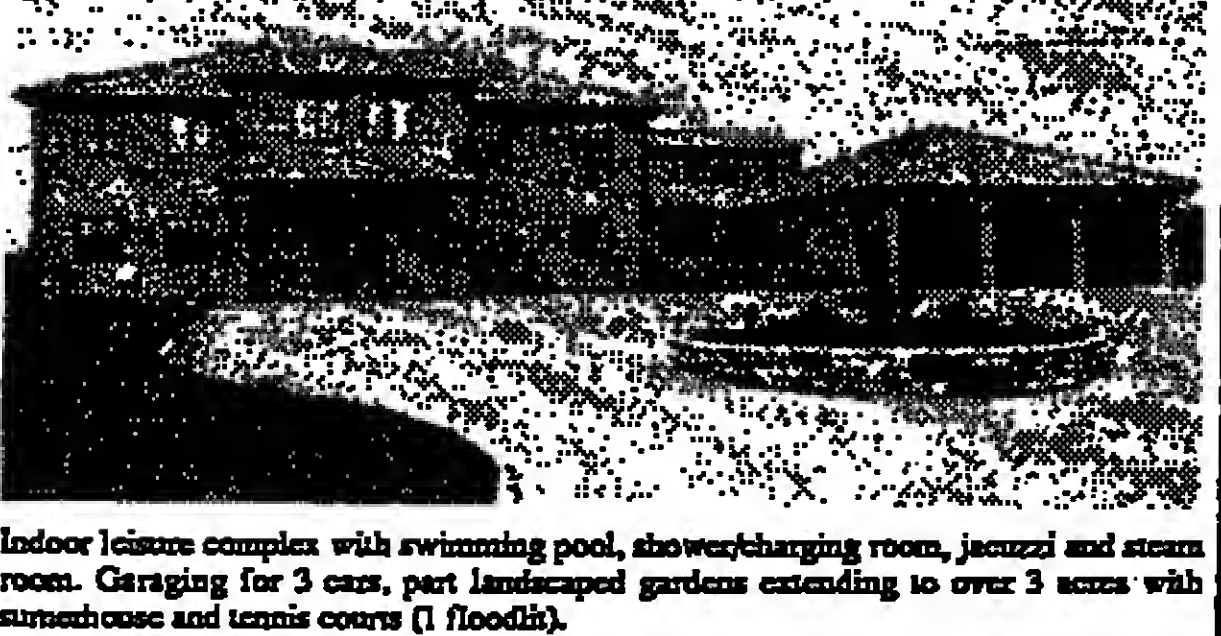
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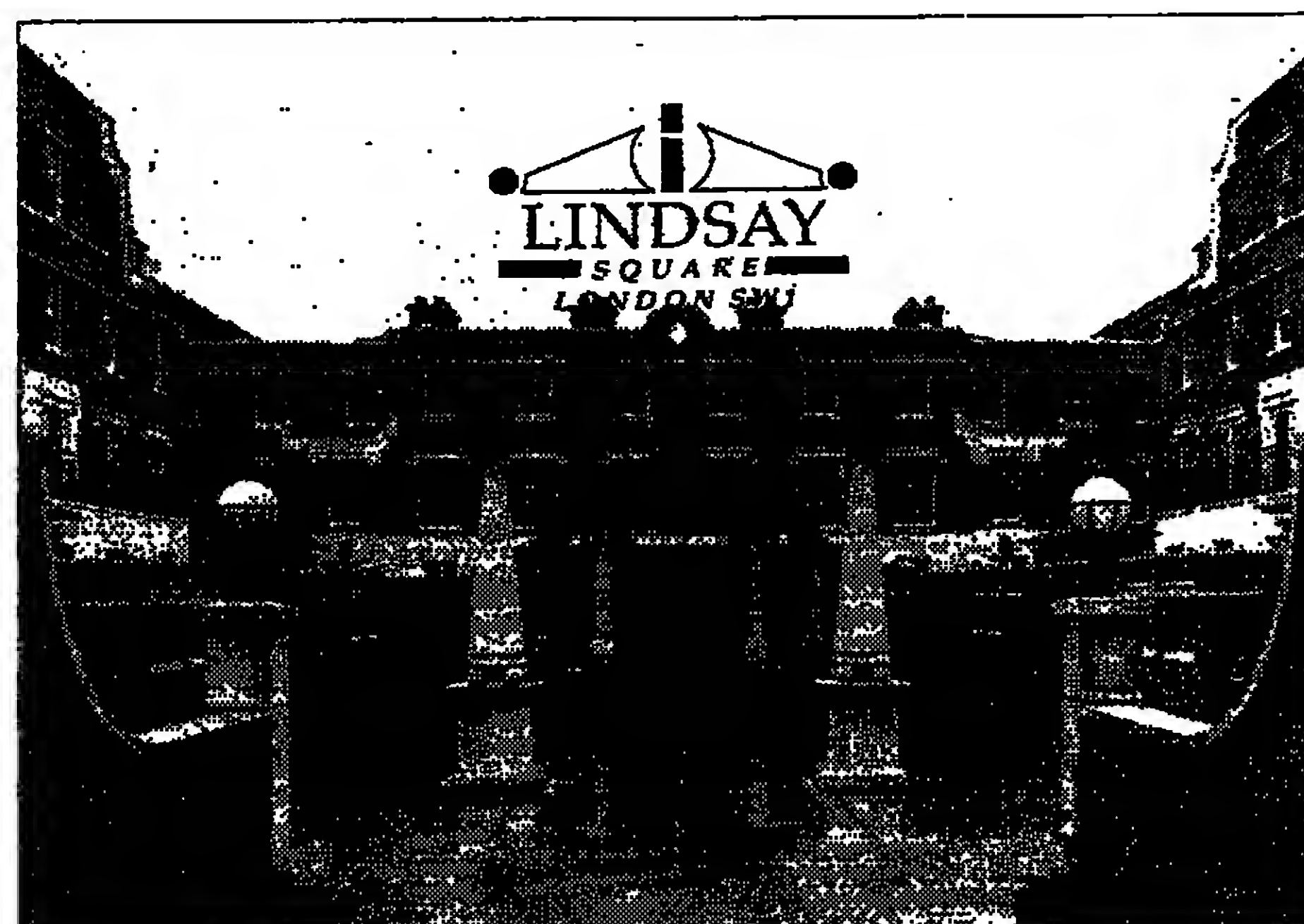
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**Arnold Wilson enjoys
life's little luxuries
after powder skiing
in Meribel**

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Christmas getaways

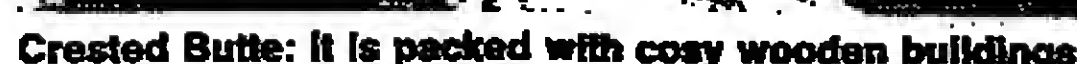
There are few bargains in restaurant prices over Christmas, however. Christmas day lunch in the Hyatt Carlton Tower is £90 per person; in the Hyde Park £100; and in the Savoy River Room £115. All hotels still have tables available.

More unusual ways of spending Christmas are increasingly available for the discerning traveller. Abercrombie & Kent's luxury Royal Scotsman train, for example, has a special six-day tour starting from London's Paddington station on 21 December and meandering around the rail network from Stratford to Yorkshire, ending up in Cheltenham on Boxing Day (to visit the races). The cost is £3,300 per person. (Details: 071 730 9600).

David Churchill

Arnold Wilson discovers a real Colorado adventure challenge

That was something else I had, foolishly, missed last time. I had visited only the ski village and was unaware how delightful the real Crested





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COLLECTING

Shafts of light in a grey landscape

THE BEST that can be said about the current state of the UK fine art and antiques market is that the worst may be over. Dealers who sold absolutely nothing during the summer months were managing the odd transaction in the early autumn. In spite of the season there are the slightest stirrings of life.

The spate of Fairs in London in October helped. Business was hardly brisk at the 20th century British Art Fair, or at Park Lane, or Olympia, or LAPADA, but at least dealers stopped feeling sorry for themselves in their unvisited shops, and enjoyed hearing horror stories of other dealers.

And there were sales. At Olympia, Park Street Antiques found a buyer at over £20,000 for a Dutch marquetry bureau, and Anthony Mitchell disposed of a painting for £60,000. As ever with fairs, the real benefit came later – as early as the following Monday for Haynes of Broadway, who was pursued to his Cotswold shop by a customer anxious to spend £68,000. And the fairs looked good. One benefit of the recession is that it is forcing dealers to market their stock more energetically – through fairs, by a greater concern with presentation, and through foreign

travel. Any revival is much more likely to come from overseas buying, notably continental and American, than from the inartistic British.

This was proved in New York last month, where about 30 important British dealers at the International Fair at the Armory were buoyed by serious enquiries and a few sales. The New York market seems to be that bit more confident.

Confidence is the main problem. Even collectors who can afford to buy are waiting for the right psychological moment, for the day when the recession is seen to be over and expansion under way again. They are also rather miffed with the reluctance of dealers to reduce prices significantly, at least for top quality items.

In New York, the trade has kick-started business by a willingness to offer discounts. British dealers reply that the finest antiques still fetch high prices at auction and that they cannot afford to under-sell. Karsten Schubert reports that his operation is supported by just five buyers. Obviously, if one or two of them feel nervous, business grinds to a halt. The other end of the market, decorative art for the home, is holding up better. The wildlife painter David Shepherd would not be counted an artist by the

one big transaction which will make them solvent again. Some potential buyers anticipate that the dealers' nerve will crack in the next few months, and art will follow property prices downwards.

This is happening in one of the hardest hit sectors – expensive British contemporary art. The Gilbert & George show at the Anthony D'Offay gallery was not a success, and the dealer reduced prices from around \$45,000 (£26,150) for a work to nearer \$37,500. The

contemporary boys, but his recent show at the Tryon Gallery sold so well that potential buyers of one work, a painting of a tiger, at \$45,000, had to compete through a ballot.

The dealers have survived better than anticipated. There have been two casualties in the well-established West End trade – Sparks, the oriental dealers, and Heim, which specialised in Old Masters – but the rest have held on, dispensing with staff and luxuries. In the meantime dealers

are often in no position to buy, even when offered fine works of art; they dare not raise their overdrafts higher.

But the auction houses cannot organise fine sales unless they are consigned fine antiques to sell. And few vendors want to test the market. Death lacks judgment, fortunately, and the most important pictures of the year appear at Christie's New York on November 5, following the death of Burton, Trenaine. Works on offer include an important Leger, estimated at up to \$10m, and a Mondrian with a \$8m. upper forecast. These are serious prices, and Christie's had to offer the family a risky guarantee to secure the sale against competition with Sotheby's. If the sale goes well it will be wonderful for the executors; for the market; and (specially) for Christie's.

The one consolation for the dealers is that they got through the first half of the downturn better than the salerooms. While both Sotheby's and Christie's reported something over a 50 per cent fall in sales in 1990-91, a survey by the British Antique Dealers Association discloses that the turnover of its members including most of the biggest and the best UK dealers was down by nearer 10 per cent on

the year from £233m to £170m. This is unsurprising: the great saleroom collapse was concentrated in impressionist and 20th century art and BADA dealers took to older antiques for their livelihood.

Least affected were dealers in glass and ceramics, followed by jewellery and silver dealers. In contrast, almost 60 per cent of dealers in pictures and furniture reported a fall in turnover of at least 10 per cent.

However, two thirds of BADA dealers sold less last season, with about 30 per cent of members reporting a downturn of more than 20 per cent. One encouraging feature was that there were still new buyers about: these accounted for 20 per cent of dealers' sales (as against 43 per cent to established customers and 25 per cent to other dealers).

These are the most reliable facts that can be gathered from a business which much prefers discussing objects to turnover figures. They suggest that in spite of such potential hazards as the collapse in the property market (acquiring a new home often results in a buying spree of decorative antiques, for furnishing the troubles at Lloyds of London, and falling company profits, the committed collector still needs his or her fix of art-buying.

London's art market is in the doldrums says Antony Thorncroft, but there are encouraging signs from New York

problem is that this is such a narrow market – probably fewer than a score of British collectors are prepared to pay over £20,000 for a challenging modern work of art. The dealer Karsten Schubert reports that his operation is supported by just five buyers. Obviously, if one or two of them feel nervous, business grinds to a halt.

The other end of the market, decorative art for the home, is holding up better. The wildlife painter David Shepherd would not be counted an artist by the

blame the salerooms for intensifying the recession. If they had not hyped antiques as an investment, the speculative price rise and resounding slump of the late 1980s would not have happened. But the dealers forget how much they enjoyed the boom in art prices.

The salerooms are also criticised for not holding enough high quality auctions to tempt connoisseur collectors into bidding handsome prices, and thus restore confidence to the market. The dealers them-

BLICKBUSTER international touring exhibitions are a relatively recent phenomenon, a reflection of the widening popular appeal of art.

Paradoxically, as monographic or thematic shows increase in size and ambition, and accumulate ever more venues, lenders – both public and private – are increasingly reluctant to submit their more fragile works to the rigours of the road. These shows are rarely wholly moveable feasts – delectable morsels are added and subtracted between one venue and another.

"Rembrandt: the Master and his Workshop", opened at

Schinkel's great Altes Museum in Berlin in September and transfers to the Rijksmuseum in Amsterdam next month, and to the National Gallery in London in March. The Dutch are making much of this reassessment of their country's most famous son.

Amsterdam, where Rembrandt lived and worked from 1631 until his death in 1669, offers the definitive venue for any Rembrandt exhibition. Only here does it not matter

that so many of his masterpieces have stayed at home.

The permanent collection at the Rijksmuseum boasts his most famous canvas, the theatrical and much slashed "Night Watch", and that most touching and intimate affirmation of the love between two ordinary people, "The Jewish Bride".

Three loans also take their bow only in Amsterdam. The most unusual and interesting is the mythological scene of "Diana Bathing with her Nymphs" (Museum Wassergang, Anholt). By contrast, the selection of drawings is unchanged from Berlin, but this is the last chance to see them all together (the drawings show closes before the paintings, on January 19.) The London drawings show will be completely different.

Exhibitions complementing the Rembrandt show abound. Rembrandt's house in Amsterdam (Jodenbreestraat 4-6) offers the first show devoted to history painter Pieter Lastman: "The man who taught Rembrandt", December 7-February 18. The Jewish Historical Museum (Jozef Daniel Meyerplein 2-4) presents "The Old Testament in Paintings of the Golden Age" (December 13-April 13). The Rijksmuseum het Catharijnenconvent, Nieuwe Gracht 63, Utrecht, explores the depiction of biblical stories on furniture and domestic utensils (Dec 14-March 8).

Leiden illuminates the relationship between Rembrandt and Jan Lievens, with whom he shared a studio at the outset of his career (Lakenhal



Rembrandt's "Diana bathing with her Nymphs, with the stories of Actaeon and Callisto"

Museum, Oude Singel 28-32, December 5-March 1). That studio is being recreated in the Stadthuiswerv or City Carpenter's Yard. The Mauritshuis in The Hague presents a homage to its former director and Rembrandt connoisseur Abraham Bredius. "Bredius. Rembrandt and the Mauritshuis!!!" (Bredius had a fondness for exclamation marks)

opens November 30-March 1. Rembrandtaphiles ought not to miss the great portrait of Rembrandt's patron Jan Six at the Six Foundation in Amsterdam (Amstel 218; tickets at the Rijksmuseum). For "Rembrandt" (December 4-March 1), the Rijksmuseum is operating a timed admission system with advance booking. Tickets are for sale in

advance in 15 countries through the Netherlands Board of Tourism. For information telephone the Rembrandt Reservation Centre in Amsterdam on (707) 317-5454, or London 071-630 0451. The sponsor, American Express, is offering a three-day tour to Amsterdam for £179. Inquiries: 0283-820044.

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COLLECTING

Berlin hopes for centre stage

Susan Moore thinks the Orangerie will shake off its provincialism and gain in stature



Max Beckmann's "Journey on a Fish" (shown by Wolfgang Wittrock, Düsseldorf) was one of the most impressive - and the most expensive - exhibits at the fair at DM6.9m (£2.37m)

WHO SAYS there is no such thing as a new idea? A decade ago Bernd Schulz, the Berlin dealer, had the inspired notion of organising an art and antiques fair in which the select exhibits were displayed not on the stands of participating dealers, but "pooled" and arranged chronologically, and according to tradition. The character and appearance of the traditional art fair was transformed.

Serried ranks of claustrophobic shoe-box stands gave way to a light, airy, museum-style display which concentrated on showing the highest quality works at best advantage. Imagine walking through a gallery at the Victoria and Albert Museum and finding you could buy anything you wanted - provided your purse was deep enough.

Schulz's new-style Berlin fair took its name from its venue - the 18th century Orangerie of the Charlottenburg Palace; "Orangerie," in turn, provided the generic name for a type of fair. Thus, an Orangerie section was part of the 1989 Manchester fair, and London's Accademia Italiana launched its own annual Orangerie Italiana last December.

This year found the Berlin Orangerie in the splendid neo-Renaissance Martin-Gropius-

Bau (October 12-27), inaugurated in 1881 as the applied arts museum.

Less than two years ago, the Wall separated the massive and ornate red-brick palace from the building across the street. Now, the Martin-Gropius-Bau is back in the heart of Berlin, and it seems particularly appropriate that the first Orangerie since 1986 should have taken place there. This year marks a watershed for unified Berlin and for the fair.

The decision to move the seat of the German federal government ensures a central position for Berlin in Europe. With this year's Orangerie, the Berlin Association of Art and Antiques Dealers (of which Schulz is chairman) in effect established its commitment to revive Berlin's status as an important international art centre, on a par with London and Paris, which the city enjoyed until 1933.

The Orangerie, Schulz says, grew out of a desire to create something unique that would put Berlin on the international map. As it became increasingly difficult for dealers to find high quality works of art, a means had to be found to sustain a high standard throughout the fair. The solution was to invite individual works of art rather than individual dealers.

Dealers with only one out-

standing object to show are no longer obliged to take a stand and fill it with mediocre pieces. The Orangerie committee, made up of dealers and museum experts, chooses from a wide range of work. A fee is levied on each place selected. And the Berlin fair has become the best in Germany.

Schulz and the Berlin Association also realised, however, that the presence of international dealers was essential if the annual fair was to offer top-notch pieces. In 1988, foreign dealers as well as German ones were invited to submit exhibits in honour of Berlin's year as European City of Culture. It was the first German fair to open its doors to foreign dealers; the consequent future resulted in no Orangerie for two years.

Last year the Federal Association decreed that all German art and antique fairs would be open to international participation. In January this year, the Berlin Association decided that the Orangerie would become an international, biennial event, alternating with the Paris Biennale.

But by then the Orangerie at Charlottenburg was booked. Instead, the senate of Berlin offered the Martin-Gropius-Bau. Whether it will return to Charlottenburg in two years' time is not yet known. The former museum, damaged during

the war, was reopened after reconstruction as an exhibition venue in 1981. It offers twice as much space as the Orangerie and its central courtyard and loggia - and its high-ceilinged rooms, conceived for the display of tapestries - make it an ideal venue for showing sculpture and large-scale furniture and modern art.

October's event represented 181 dealers (there were 122 in 1988): 40 or so from France, Britain, the Netherlands, Belgium, Switzerland, Austria, Denmark, Italy and the US. Dealers from east Germany were invited to participate, but none felt they had suitable works to offer. The show embraced paintings, drawings, manuscripts, prints, antiquities, objets de vertu, photographs, furniture, sculpture, metalwork, jewellery, clocks, textiles, ceramics and glass.

Visually, it was a triumph. Much of the medieval sculpture and works of art were of outstanding quality. The first gallery boasted an exceptional Silesian wooden statue of the 14th century, with original polychromy, of San Ansano; shown by Mehringer of Munich. Neuhaus of Würzburg showed an early 15th century limewood, probably South German - carved relief of the Death of the Virgin, and the powerful presence of a rock crystal cross, crafted in Germany around 1300-50, came from Rainer Zietz of London. There was similar evidence of quality in the sculpture court, notably with the impressive Renaissance bronze bust of Ottavio Farnese, shown by Cyril Humphris of London.

Substantial - and again, sometimes familiar - sculpture and silver were on offer from Ronald A. Lee, Kugel, Gierhards, Sanger, Neuhaus, and from the Antiquaires a Paris. More unexpected was the group of autograph letters and manuscript choices by Dieter Rainer Maria Rike and Thomas Mann, sent by Martin Braslauer of New York; the primitive African sculpture amid the modern art; and a group of recent avant-garde decorative arts.

Most striking, especially for a general art and antiques fair, was the strength of the modern and contemporary paintings and the contrasting paucity of the Old Masters. There were impressive works by Max Beckmann, whose "Journey on a Fish" (shown by Wolfgang Wittrock, Düsseldorf) was the most expensive exhibit at the fair at DM6.9m (£2.37m). There were fine works from Willem De Kooning, Cy Twombly and Robert Rauschenberg, and everyone told me - an important Gerhard Richter.

There was little of interest among the predominantly 17th century Dutch paintings, although the drawings section had some fine Rembrandt views of the Amsterdam, and a Bruegel pen-and-ink wash view of Heidelberg. Käthe Kollwitz's sensitive chalk "Woman with Dead Child," and Botero's huge charcoal of "Louis XV and his Family in Prison" provided a boost to the standard of 20th

century draughtsmanship. Traditionally, the fair has excelled in works of art of regional interest. There were good Berlin decorative arts - not least the Berlin porcelain vase designed by Schinkel and painted by Gottfried Völker (Gottfried Burstert, Berlin). Where the works were less interesting, the fair drifted into provincialism.

The pertinent question is whether the injection into the Orangerie of higher quality and more diverse works of art will attract buyers, national or international. Certainly the great tradition of collecting works of art in Germany was abruptly broken in the 1980s, and that aspect of its cultural identity largely lost. Most collectors in Germany today are more comfortable amassing modern art than the kind of wide range of treasures sought by, say, Robert von Hirsch.

Aesthetically, the Orangerie offers a great improvement on the traditional art fair. What is less clear is whether a dealer loses out by not being at hand to discuss an object with a potential client. Every participating foreign dealer I spoke to - and even some from Germany - agreed that the Orangerie provided them with an excellent showcase in Berlin. Not one, however, claimed to think he or she would sell anything. But it is early days. Berlin, politically and culturally, is on the up.

Five years ago saw the launch, with the backing of the Deutsche Bank, of art auctions at the Villa Grisebach. Last year, Sotheby's opened an office on Unter den Linden. This autumn, Schinkel's great Altes Museum was the opening venue for the important Rembrandt show. Since the Wall came down, some 10 new galleries have sprung up in Berlin. In two years' time, according to Schulz, there could be another 20.



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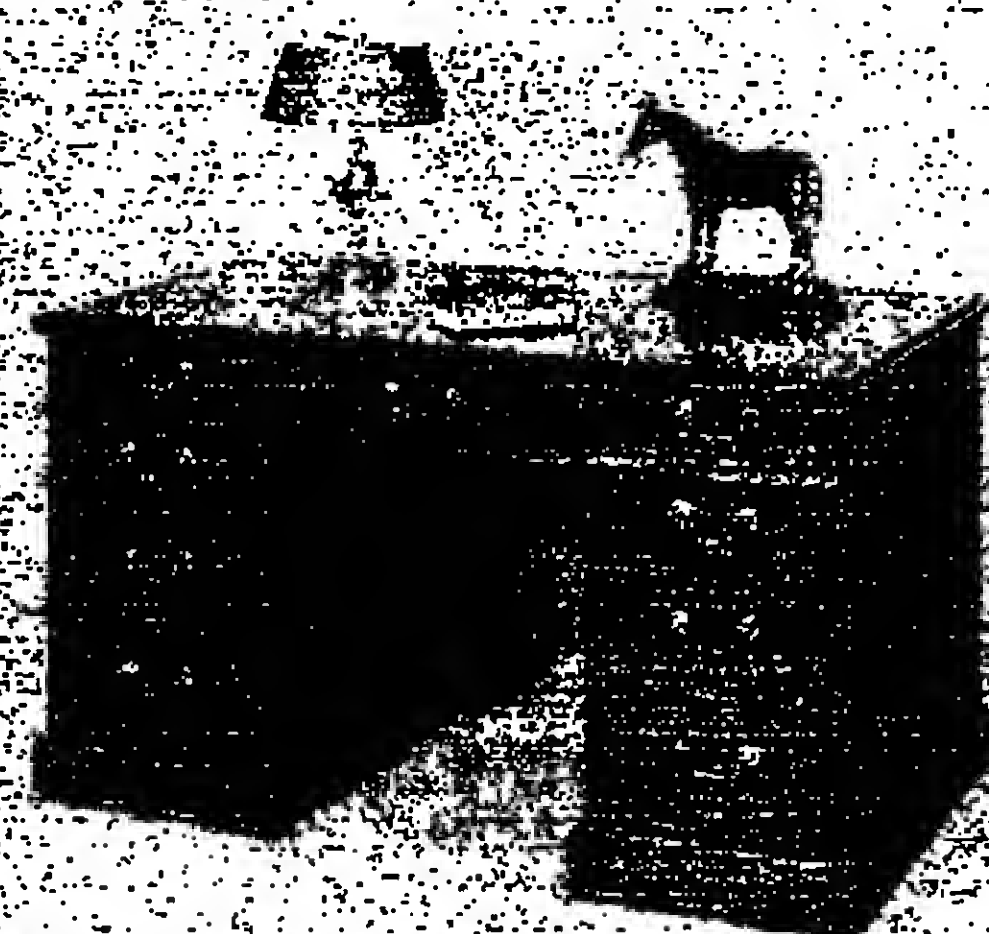


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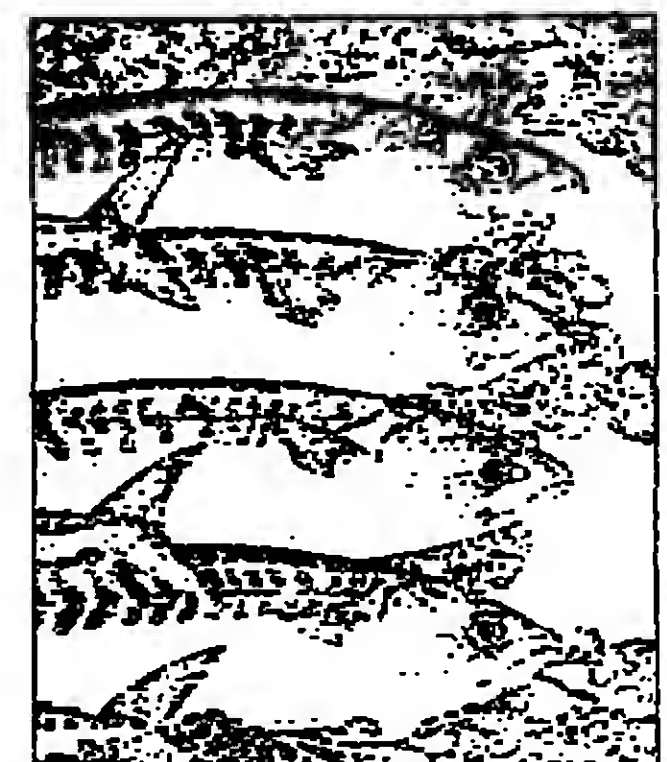


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INDEPENDENT EDUCATION

Hello again Mr Chips

*The immediate future is rosy for most fee-paying schools, writes
Andrew Adonis, Education Correspondent*

"IF A CHILD fails at a private school, the parents blame the child; if a child fails at a state school, the parents blame the school," goes shadow education secretary Jack Straw's "law on schools". But to the extent that it holds it is not just double standards; most parents who go private do so because they blame state schools for providing inadequate opportunities.

It was not ever thus. Only two generations ago tradition, snobbery, religion and a preference - or need - for boarding were the mainstays of independent education. None of those have had much to do with the 25 per cent rise in the proportion of the school-age population attending private schools in the last decade: the fact that it now includes a fifth of all sixth formers and a quarter of university entrants in England and Wales is a fair indication of what has.

It is not, however, simply a matter of university places and exam success, for all last month's rash of league tables, in a recent MORI poll of private parents the highest-scoring reason for opting private was "high standard of education" (34 per cent), but not far behind were "state schools unsatisfactory", "discipline" and "smaller classes" (all at 21 per cent). And whatever they say, many private parents - not least the 41 per cent themselves educated in the state system - are also buying social cachet and confidence.

Culture, selection and resources are, therefore, the independent sector's principal assets. But not just in the classroom: as music, sport and extra-curricular activities feel the squeeze in the state sector, private schools look increasingly attractive. Music is of particular moment, with instrumental teaching in state schools severely weakened by cuts and the education department estimating that, on current

trends, the supply of state music teachers will fall a third short of demand by 1997.

The independent sector is highly segmented. Among the 3,000 schools, growth in the prep and pre-prep range is most marked. But the sector is not composed entirely of schools: the market for private A-level tutorial colleges grew sharply in the 1980s, and not just for re-takes. According to Joe Ruffon, director of the MPW group of colleges: "The re-take market is shrinking, especially in science and engineering, as A-levels and entry to higher education become easier. But the longer-term market, embracing those unhappy with conventional schools, is growing".

When it comes to the mainstream academic diet, the private sector's leading lights are concerned merely to deliver high grades, but to protect the A-level status quo. Widespread unease is expressed at the GCSE - "General Certificate of Secondary Education", as one independent head dubs it - and the public schools are fighting hard to preserve A-level from reform in its image, particularly if its successor is, as Labour wants, a pan-vocational and academic qualification intended to be taken by most 18-year-olds.

In consequence, public school heads are mostly defensive and conservative on the issue of post-16 curriculum reform, though privately many acknowledge that A-levels force pupils to specialise too early and narrowly. A few braver souls are moving to the International Baccalaureate, a far broader and more demanding course.

Richard Barker, head of Sevenoaks School, a third of whose sixth formers take the IB, refuses to see A-levels as the "gold standard", and is disappointed that colleagues in the Head Masters' Conference remain wedded to them. But consumerism runs supreme, and so long as the punters have faith in gold, they will do little to disabuse them.

What of the future? Most in the field still view Labour as the looming threat. But there is little to fear from that quarter: Jack Straw went to the HMC last month to proclaim the cold war over and private schools "part of the educational landscape". A Labour government will oblige private schools to follow the national curriculum and allow in state inspectors. And if they want to keep their charitable status, they will have to demonstrate "wide community involvement". Most schools already do the first, and they can hardly complain at the other two.

On the face of it, the sector would suffer badly from Labour's commitment to phase out the 57m-a-year assisted places scheme which pays all or part of the fees of 30,000 private pupils (six per cent of the total). Yet most assisted places are to be found in the big city day schools, and the likes of Dulwich, Haberdashers' Aske's, and Stockport and Newcastle grammars would comfortably fill their places without them. More potentially damaging than Straw are two other figures on the horizon. The first is growing middle-class antipathy to boarding. Boarding numbers are declining steadily, and show no

sign of stabilising - in spite of glib PR campaigns. Co-education is becoming the norm: that and weekly boarding might slow the trend, though as yet only a tenth of all boarders go home every week-end. It may not be long before numerous rural and remote boarding schools have to consider upping sticks and moving to cities - facing all the hazards that follow transplant operations if they do.

Second, and more immediate, is the independent teachers' pay review body, one of John Major's first creations as prime minister. The review body is expected to recommend a pay rise - albeit partly linked to performance - to raise the low esteem and appeal of teaching to graduates.

For independent schools whose annual fee increases have long been outstripping inflation (up 10 per cent this year, 13 per cent last year), it is an ugly prospect. Annual fees already average £3,600 (£6,700 for boarding); another large increase is bound to affect parents' cost/benefit calculations, especially if it comes with the recession unended. Significantly when the MORI pollsters mentioned above asked parents of children in state primary schools why they did not opt for private schools, only 59 per cent said it was because local schools were "satisfactory": a full 25 per cent gave "financial reasons" and only 5 per cent had not considered the issue.

For most paying parents, the benefit is highly prized, and local management of schools and other changes to the state system have not yet appreciably reduced its relative value. If those changes mean raising taxes, lessening, and cruder versions of the comprehensive ideal wither in practice as they already have in theory, independent education will find itself in a tougher market. But not for a decade yet.



Big noise on the bottom line at the Royal Grammar school, Guildford

'Values' must include value for money

Eric Anderson approaches private sector schooling from the point of view of its buying public

PEOPLE rarely pay for what they can have for nothing. Yet more than one British child in 15 goes to a fee-paying school at a cost, for 10 years' boarding, of about £90,000, or for a day place, of close to £60,000. What exactly do parents believe they are getting for their money?

My personal straw poll of parents comes up with four answers: teaching, discipline, all-round education and "knowing where you stand". These answers are not quite so simple as they seem.

There are, after all, thousands of good teachers in mainstream schools, and some indifferent performers in independent schools. What parents are prepared to buy is a reasonable guarantee, overall,

of competent teaching. They want to know that their son or daughter, though a private, is getting the same quality of education as a public school child. And whatever they say, many private parents - not least the 41 per cent themselves educated in the state system - are also buying social cachet and confidence.

Whatever they think when their own offspring get into trouble, all parents want discipline for other people's children. Rightly: the atmosphere of any school can be ruined by a few determinedly difficult pupils. And until earlier this century, whenever a new Head Master took up office at Eton, the Captain of the School presented him with a birch - to

symbolise that he exercised his authority with the theoretical consent of the boys. That unspoken contract is vital.

All-round education is a characteristically English demand. School is where most of our young people first play organised games, take part in a play or begin to learn a musical instrument. By contrast, in most continental countries schools are for academic learning, while activities like music and sport are organised by clubs in the home town.

Most independent schools have no pretence with notable exceptions at seven, 11 and 14 years old will soon extend this right to everyone.

There is no equally straightforward way of measuring a school's attainment. League tables proved only that schools with the most selective academic entry tend to do best in exams. One headmaster spoke for all when he said: "The results were most proud of was a D and two Bs for a boy who had failed all three." League tables tell you nothing about how your individual child will do at a particular school.

For the judge, then, if a school gives value for money? Almost nothing can be measured. You can calculate overall GCSE or A-level results, but not what they represent in terms of value-added. You can count the numbers of former pupils who play rugby for England, row in the Olympics or play in the National Youth Orchestra, but not the confidence or the life-long pleasure that sport and music have given to myriads of lesser performers. You can list the number of old boys who get into trouble in later life (although I

know of no school which does), but there is no way of measuring how far values acquired at school influence for good. In the end, people choose the school which they feel has something close to the balance of qualities they want. The chosen school will not exactly be hard to measure, but it will not be off-the-peg either. Independent schools are genuinely different. They are not all academic power-houses. Some deal with a wide range of ability, some specialise in learning difficulties; some cater for boys only, some for girls, some for boarders, some for boys and girls with musical gifts. They

do not have to be all things to all men. They have the freedom to concentrate on what they do best. By contrast, the state system offers parents a narrow range of options, usually a choice between one comprehensive and another. The recent Education Act could change that. It provides for testing and information. It also provides for schools to opt out of local authority control. If substantial numbers do, we could see state schools offering parents the kind of choices for which they now have to pay. Independent schools have always seen themselves as the flagship of the educational fleet. There can be no complaint if state schools follow their lead.

Eric Anderson is Headmaster of Eton.

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INDEPENDENT EDUCATION

Results are not everything

PPRIVATE schools played a vital role in the development of state education in Britain. They provided the framework, if not the blueprint, for the organisation of selective schools in the state sector: with the curriculum, the timing of independent schools was explicit, resulting in rigidly subject-based organisation.

In the 1960s the private sector still had a profound influence on the state curriculum. In almost all of the A-level reforms, and in a number of those at O-level, the private sector's resources were significant in the success of many new courses. Few observers at the time believed that independent school teachers were anything but altruistic, a feeling reinforced by the realisation that reforms in public examination systems concentrated principally on strengthening the academic approach to traditional subject disciplines.

Initially, the independent sector seemed to welcome the GCSE, thinking it enabled them to exhibit superiority through comparison with state schools. However, the experience of the past three years has shown great variability in performance, making straight comparisons difficult. Consequently independent schools have set no great store on 16-plus results for publicity purposes.

The reverse applies with A-levels. Private schools parade their A-level colours to all, and the increasing number of "league tables" and the public response to these seems to have justified them in so doing. A-levels have never had a greater importance in independent education, and the protection of this "gold standard" is a central campaigning issue.

The gold standard is under attack. But the question ought to be whether in the future it will be at all relevant. Already there are signs of radical change in arrangements for 16-19 education. Arguments for a more imaginative academic programme based on less specialised education for an increased population beyond 16 are well advanced. So is the case for developing courses through which the academic, vocational and needs of young

people may be accommodated without inflaming the status divide between education and training qualifications.

The Royal Society's report "Beyond GCSE", indicating a fully integrated approach beyond 16, and the increasing popularity of the International Baccalaureate, with its six-subject curriculum, are only two of the more heavyweight responses.

With all this, it is disappointing that the independent sector gives the impression that concern with the quality of post-16 education offered by schools and colleges is of secondary importance to the protection of an examination which, whatever its former glory, is unlikely to be appropriate for the future. It is as if the very schools which have traditionally stood for education in the fullest meaning of the word are turning in on themselves, surrendering concern with quality of educational experience to the interests of standards.

There may well be good reasons for that. After all, "whole school" issues demand quite different resources to individual subject development, and independent schools may feel they are ill-prepared by training and experience for the challenges ahead. It may also be that the cost of leading development in this vital area is too high for schools which are, by their own admission, experiencing the hard edge of commercial reality. The result is an emphasis on output at the expense of quality of experience, and a lack of investment in their own future.

Whatever the reasons, the absence of those in the independent sector from discussions on the most pressing issues in post-16 education is to be regretted. In the case of independent schools it is a pity. In the interests of the nation as a whole it is a shame.

Jeff Thompson

Jeff Thompson is professor of education at Bath University and deputy chairman of the School Examinations and Assessment Council. He writes here in a personal capacity.



Up-to-date economics in one of the 25 high schools run by the Girls' Public Day School Trust

The American experience

Peter Aitken looks at independent education across the Atlantic

MY 11-year-old son's school homework nearly stunned me recently. The question was: "How did Joseph interrupt Pharaoh's dream?"

Eventually I helped him to realise that the operative word must be "interrupt," not "interrupt." To interpret what follows, it may help to know that geographically my vantage point is Boston, Massachusetts. Boston is arguably the most "British" city in the US - and it is surrounded by independent schools. My own schooling was in independent schools in the US. New Zealand, and England, together with four years at Aberdeen Grammar School in Scotland. My subsequent 32 years as teacher and headmaster, working in independent schools, were split about equally between England and the US.

Americans have a paradoxical perception of British education. On the one hand they admire the British command of language, on the other, they are critical of early specialisation and of curricular constraints which they believe are inherent in the British system. I am tempted to interpret American perspectives by reference to the vigorous spirit of individualism in the US.

Some 2,500 independent schools in Great Britain enroll 620,000 children: about 7 per cent of the school-age population. In the US, 6m (12 per cent) of a total 50m school age children are enrolled in 28,000 private schools.

But in reality the difference is not so great. Americans are so sensitive to their constitutional separation of church and state that denominational schools are necessarily private - in contrast to the British state of affairs.

The largest category of private schooling in the US is parochial schools financially supported by the Catholic church, charging annual fees of about \$3,000 (about £1,800). Other denominational schools (Jewish, Lutheran and so on) have substantial enrollments.

The other independent schools enroll perhaps 500,000 students and charge annual fees ranging from a few thousand dollars to nearly \$20,000 (£12,000) in some elite boarding schools.

Church-state separation has been one of the more consistent influences on the status of America's private schools. In the UK, class has been a fundamental influence on comprehensive schools were

intended to promote egalitarianism in UK schools and beyond; so has some of the recent drive to redesign public examinations.

Trends in US and UK examination policy show some intriguing contrasts. British GCSEs have introduced a substantial element of school-based coursework; in the US, dissatisfaction with wide variation in a system where each school grants its own graduation diploma is leading to the development of national curricula and examinations.

If independent schools are "private schools with a public purpose," as I like to think they are, charitable status and reciprocal obligations to the societies that grant them. The greatest challenge for independent schools in both the US and the UK is to find ways of containing cost increases, so that pupil intake becomes less exclusive.

In both countries there is always a risk that politicians will threaten, not foster, the educational process. We must be sure we learn the difference between interruption and interpretation.

Peter Aitken is Research Director at the National Association of Independent Schools, Boston.

Change goes co-ed

Christopher Evans brings the boarding school scene up to date

BOARDING schools face a tricky future. They are still peculiarly English institutions: Scotland and Wales have few boarding schools and across the Channel sending one's child away to be educated has been generally perceived as bizarre, even sinister. Even in England, the quaint terms "prep" school and "public" school still evoke homesick pupils, hard mattresses and lumpy porridge.

Yet most of the old-fashioned image has changed. Now you will find girl boarders in former boys-only schools; self-service cafeterias; centrally-heated beds; frequent weekend visits home - and pupils' homes closer to their schools. Yet boarding pupil numbers have been falling.

Seeking to raise awareness and encourage visits to schools, the Independent Schools Information Service launched a Boarding Schools Week in October. What did visitors notice? Thriving and varied communities, many with impressive new facilities, and staff committed to caring for and developing pupils in and out of the classroom.

Jack Straw, the UK Shadow Education Secretary has expressed a hope that boarding schools will soon be extinct, except for a few schools catering for the children of "snobs and exotics," but the sector is confident of its future role.

It will have to go on adapting to change. Co-education will increasingly become the norm, although a small number of high quality schools will continue to offer the single-sex choice. Many of the famous boys' public schools which admitted only a few carefully-selected girls at sixth form level - cosmetic co-education, it might be said, rather than a whole-hearted commitment - are now fully co-ed, and more are heading down the road: Marlborough, Clifton, Oundle, Rugby, Leighton Park, the King's School, Canterbury. A similar trend shows in boarding prep schools. The "happy school" is evolving. "Local" boarding education

will become increasingly popular. Already it is unusual to dispatch a son or daughter from one end of the kingdom to the other; boarding schools are benefiting from parental involvement in concerts, plays and matches, besides closer liaison over pastoral and academic matters.

In many schools, "flexi-ed" arrangements have replaced the pattern of one exact (home leave) each side of the half term break. Some schools fear the impact on week-end school activities, but most of them are finding a happy middle way.

After six days of a busy week for parents and children alike, more frequent Saturday evenings and Sundays spent as a family are valued. Increasingly, boarding schools are having to provide greater comfort. Bedrooms for one, two or four (three can pose problems) are replacing dormitories; kitchenettes and pupil common rooms abound; staff accommodation is better.

None of this comes cheap. The going rate for building a new 65-bed boarding house is about £1.2m. Even without such investment, boarding schools are labour-intensive. Fees have risen by about 10 per cent a year over recent years. If the schools are not to price themselves beyond all but the very rich, other ways of raising revenue must be found. They must capitalise more on their facilities during the school holidays.

But the result of fee rises may be shorter packages: parents investing in boarding education for a son/daughter's last year or two at a prep school; for the sixth form years; for a couple of GCSE years. Boarding schools need to exploit the European market further; but already many a German boy or girl is spending a year or two in an English boarding school, and exchanges with eastern Europe will develop. There is a conviction, among their heads and governors, that boarding schools will survive.

Christopher Evans is Headmaster of Dauntsey's School, Wiltshire.

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Slow boat to England's good life

HALFWAY down the long cabin roof of the narrowboat Little Gatineau, my wife, Jany, is crouched in the bright sun like a Chinese peasant. In a wide-brimmed straw hat, a bottle of Brasso at her bare feet, she is patiently polishing ventilation covers that have not shone for many years. It is slow work, almost as slow as our own chugging, duck's-pace progress out of London.

At the bottom of the metal stairs that lead from the aft deck into the cabin, a second member of the crew is engaged in more urgent, faster-paced work. Simon has spilled his plastic tub of maggots.

As an eight-year-old fishing fanatic, he is worried that his bait supply, fast wriggling toward odd corners of the engine, bilge and cabin, may escape his reach. As deckhand to me, his trawling father and captain, he is also worried. If the maggots are not retrieved he may not be able to escape my own reach.

At the stern of the boat, my hand on the tiller, I, too, am worried. Maggots worming their way about the engine are one thing; the strange knocking sounds coming out of it are another. Should I once again phone Steven Strickland, the trusty marine engineer I am slowly making rich on the profits of repair to Little Gatineau? Or should I calm down?

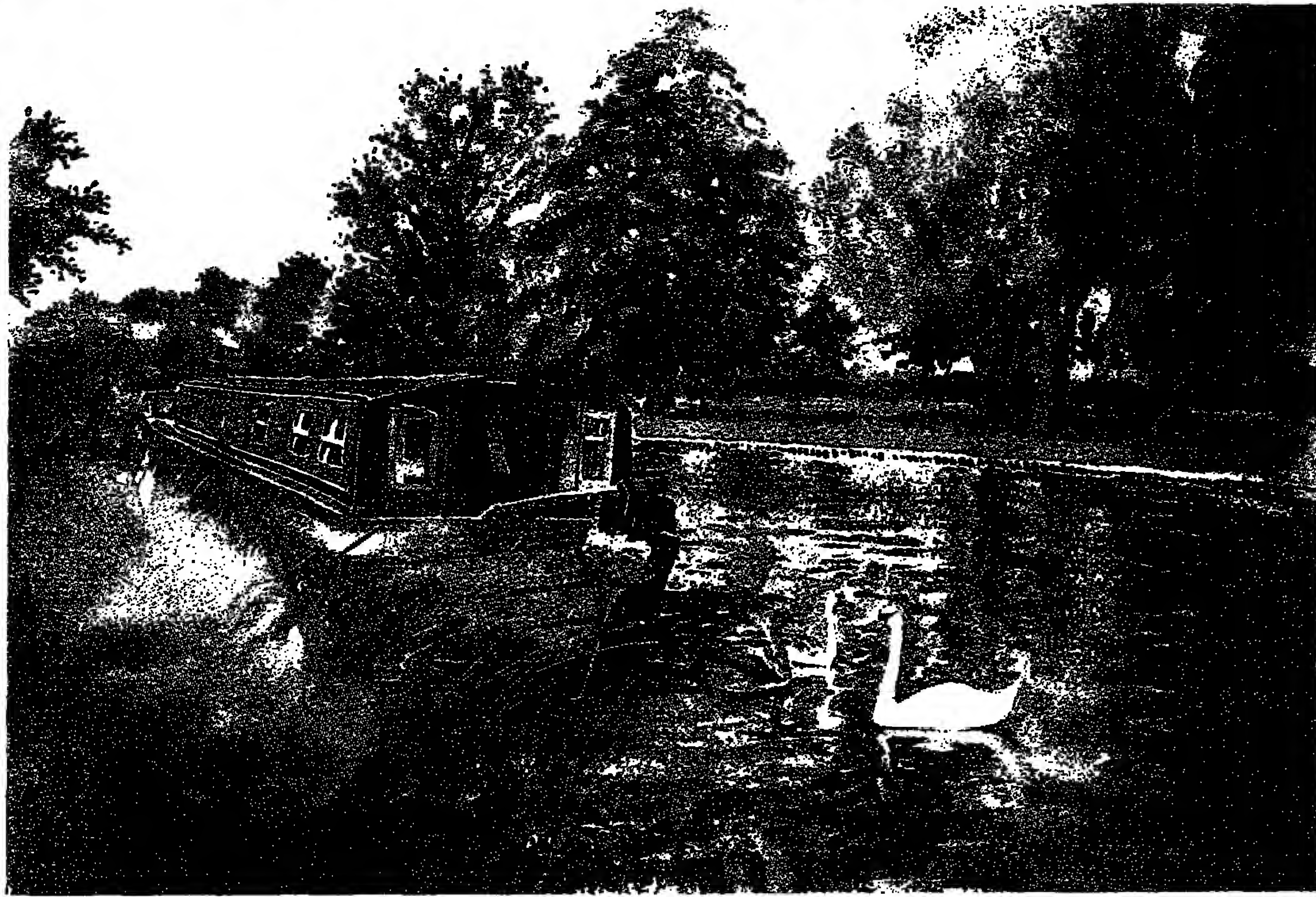
I decide to calm down. Narrowboat diesel engines, in canal-boat mythology at any rate, are indestructible. Simply feed them with fuel, make sure they have oil and water, and they will plug away for years. So, at least, say the beery, red-faced men in canal-side pubs where boatmen gather.

I decide to adopt the same attitude. This is not, after all, the America's Cup or a Chester-style expedition; this is a family holiday, a time to ease up on care and hurry. On southern England's winding Grand Union Canal, we are never going to be more than a few yards from land. And, as for haste, what is the point of it? Here the speed limit is a stately four miles an hour. Watford, on the edge of London, is a foreign and distant place three days to the north.

As, one after another, remains of London's grimy industrial past slip by, I breathe more easily and relax. Already Wormwood Scrubs and the paint-flaked gas floats of Kensal Green are astern. Behind, under a dirty London haze, lies the city's clogged ring of development, the slow and gentle pleasures of the English countryside in August.

There are a hundred reasons why I should not have bought Little Gatineau, but from the moment I saw her I wanted her, and did.

She is not the most elegant of craft: 50 ft long, built of solid steel, only 7 ft wide. With approximately the same proportions as a pencil, she is cumbersome to steer - her stern swings in one direction as her bow turns in another. Flat-bottomed and keel-less,



she is pushed about by the wind and reluctant to reverse in a straight line. Such is the nature of British narrowboats. Nor has Little Gatineau always received loving care. Now 17, she is an old canal-lady somewhat humped around by life. She has had a succession of owners, some careful, some not. She is a temperamental old woman and sometimes difficult to live with.

But somebody has loved her, and it shows. It is astonishing how many people who live around boats are recently divorced men. Is it a wounded retreat to pre-adolescence? A joyous return to long-dormant boyhood adventure? More probably it is because they have lost the house, too, and cannot afford a second. At any rate, the man I bought Little Gatineau from had substituted his boat for his wife and paid her all the same little cares and attentions as a mistress.

In Little Gatineau's narrow interior, all is shiny brass, polished glass, and varnished wood. There is a cheerful central stove, curtains on the windows, and a dining table for breakfast, morning papers and duck watching. There are framed canal scenes on the knotty pine walls, pile carpets, blue willow-patterned china, a kettle that sings, and tea towels with printed ships sailing across them. Flower vases are full of flowers, and a tea caddy brims with tea. If Little Gatineau can be a tiresome old woman, she also knows how to

sit back in satisfied comfort when her whingeing is over. Not only that, but after Steven Strickland's prolonged and greasy-handed ministrations, Little Gatineau might even behave herself mechanically on this, the first extended trip we are taking on her. How can we feel anything but light-hearted when setting out from London on a summer's day?

By late afternoon we are not out of London, but tied up on a quiet stretch near Horsenden Hill. The illusions of countryside, if not countryside itself, are all around.

Not far away are streets and houses, sweet shops and laundromats. But here inside the tree-lined border of the towpath is a secret world. Ducks,

geese and moorhens ply their way over the water, rummaging for dinner. Fish rise to the surface, seeking rings of tiny waves rolling outward over the water. A breeze shivers the rushes at the canal's edge. Even in the suburban wilds of outer London the wind in the willows still exists. It is the principle reason for narrow-boating.

What does not exist on this particular evening, however, is much electrical power on Little Gatineau - for some reason the boat's alternator has not recharged the auxiliary batteries over the day's cruising.

As Jany - transformed from deckswab into French chef - prepares a meal, the cabin lights grow weak, then ever

dimmer, and finally die out altogether. We dine on crab and avocado salad, romantically, by candlelight.

One of the nicest things about canal life is its people. There are aristocratic boat owners who stand at the stern of immaculately polished narrowboats in starched shirts and cravats. There are others, long-haired, tattooed, and eccentric, for whom the canal represents the very margin of society. Most boat people, like most Englishmen, fall somewhere between the two. But with that rare thing in England, a common passion that transcends class, all are invariably friendly and helpful. Boats are great social levelers.

Over the following days such

people help me sort out Little Gatineau's cranky behaviour. Opinions are pronounced, wires fiddled with, tools lent, nuts tightened, valves purged and the little secrets and tricks of boat-craft imparted. If it were not for Ginger Halloway, canalman extraordinaire, we might not be having much of a holiday at all.

We meet Ginger under shady water-side trees at Cowley Reach. It is a pretty place where London's urban strangeness holds on the Grand Union canal weakens and slowly gives way to fields and cows and wooded hillsides. Ginger, by any rapid standard, is an outlier. He is a shirker of the 9 to 5, teller of impos-

sible tales and drinker of truly epic stature, he would do nothing to inspire confidence in your mother or mine. From his wild red hair, now fast greying, to his grease-lined fingernails, he is a remorseless reprobate. Yet I find myself liking Ginger very much.

In his long career Ginger has tackled erratically all over the world. He has been a radio operator with a British tank crew, managed questionable establishments in Paris, mined in Canada, and rodeoed in Wyoming. With his 12-year-old son Dominic, he ranges the canals, with no hurry in life and no constraint other than to be near an off-license the day the DHSS office issues his cheque.

But Ginger is a man of warm and generous heart, willing to give much of himself, and we travel with him for days. He helps us through the canal lock at Cowley, the first of 52 in our climb up the Colne Valley and beyond. We learn the arcane of lock gates, paddles, windlasses and balance bars. Ginger's beat-up narrowboat the Rafferty, its deck cluttered with ropes, a dog, a cat, old bottles and a coop of chickens, becomes a familiar sight on the water ahead of us. Simon and Dominic play bilingual Monopoly in the cabin one or other of the boats. We climb a set of locks. We stop for lunch. More locks, more chugging along. Slowly we slide past the canal

Nicholas Woodworth tells how he came to love a temperamental old woman - his narrow boat

towns of Harefield, Rickmansworth, Kings Langley, Hemel Hempstead and Berkhamstead, in a succession of days that, after a while, blur one into the other.

And all along the way, climbing the locks or at quiet night moorings by fields and woods, there are Ginger's stories. Stories of the canal, its history, its characters, its boats.

By the time we reach Mar-sworth, on the far side of the Tring canal summit and seven days out of London, Jany, Simon and I feel we are starting to learn something about narrowboats. My hands are sore and battered from turning countless rack-and-pinion lock gates, my fingernails

dirty, my back stiff with heaving on ropes. But I am starting to feel like a boatman. Ginger, on the other hand, has learned a great deal about Little Gatineau's once well-stocked liquor cabinet. He obliges us with canal-manship; we oblige him with Gordon's.

After weeks of friendly encounter along the towpath, none of us believe as strongly as we did in the myth of British reserve and reticence.

Do we remain enthusiastic? Of course we do. Next year we hope to take Little Gatineau on the Thames for a visit to Oxford, a much longer jaunt than our two weeks. By narrowboat standards, Oxford is halfway round the world. But before we begin circumnavigating the globe, Steven Strickland and I must role our sleeves up and plunge once again into Little Gatineau's cantankerous, greasy heart. Her motor is still making that strange knocking sound, and it is getting louder all the time.

Old gardeners never die

... and their passions remain over the centuries, says Robin Lane Fox

AT ONE site in the world, you can visit the better gardeners who died nearly 2,000 years ago. Even then, they were busy with designer trellises and a small style garden facing. Their fountains were often remarkably common and they were keen on glittering mosaic, set round the niches at their garden's focal points.

Their remains are not to be found in England's Home Counties; instead, they have been laid to rest at Pompeii where Mount Vesuvius buried the city in the fateful eruption of 79 AD.

I have just returned from a fact-finding mission to Pompeii, a place to which we all bring myths. Mine ought to have been horticultural, but those which were uppermost were Freudian.

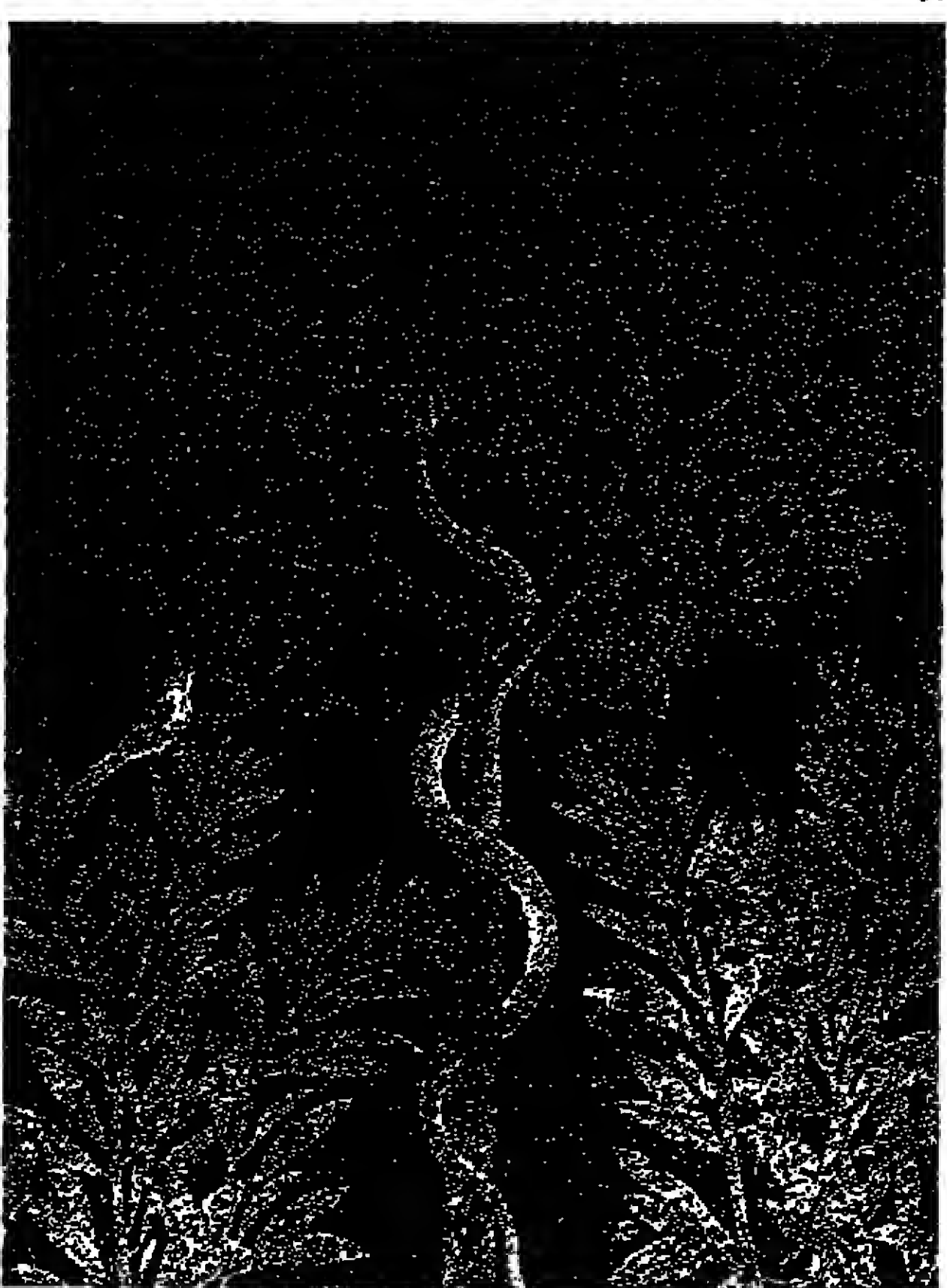
As a classicist, I have an excuse for this. Pompeii is the scene of one of Freud's *toys de force*, the essay which he devotes to a short novel, called *Gradiva*, written by a German contemporary. In the story, a young classical scholar goes south to Pompeii, obsessed by the pose of a girl whom he has seen sculpted in marble; she is still visible, on a relief in the Vatican collection.

Among the ruins, he seems to meet her in a sudden encounter. She is walking, characteristically, across the stepping stones which still divide the streets.

Everyone comes with their own Gradivas, and Freud had an elegant answer to the delusions expressed in this story. No doubt he would have had an answer, too, for the personal myth which I brought to the city. Botany is no part of it.

but it derives from years at school. I was brought up to believe that when the hot ash poured from the volcano, the men of Pompeii grabbed any one available and went to their deaths making frantic love. As Jany - transformed from deckswab into French chef - prepares a meal, the cabin lights grow weak, then ever

Pompeii, and nowadays it would be difficult as most of them have been withdrawn from view. This summer, however, yet more finds of bodies have been reported in the press: advance reports implying that some of the skeletons were intertwined. Were they,



Detail of the House of the Fruit Orchard from Pompeii. From Wilhelm's book *The Gardens of Pompeii*

perhaps, making love and had the old school myth come true? In spite of my visit, I failed to find the answer.

It is not altogether surprising, because most of the finds at Pompeii are not on display and are buried in a second overlay, the chaos of the relevant museums. There were the usual corpses on show in the public bath house, restored to their poses of isolated agony. There were postcards of the famous dog, twisted round its hind leg. Viewing involved singles only: there were no couples, not even a farewell kiss.

In the absence of more evidence, should we abandon the myth and look elsewhere? When the ash arrived, was the moral majority busy with something else?

Since the 1960s, we have come to know vastly more about the Pompeians' other passion: gardening. Some of this knowledge is owed to the archaeologists, especially the tireless Wilhelm Jashinski who has championed new methods of discovery.

She studied the town's pollen and whatever remained of its carbonised vegetation. She also took concrete casts of the outlines of the roots of ancient trees and then deduced their size and type.

We have a better idea of Pompeii's planting and horticultural style, and we can match it to closer study of the city's many wall paintings. Their borders, views and subjects are often marvellously horticultural. There were gardens in the inns and hotels, gardens in the inner courtyards of the grand houses, and gardens for the growers of cut flowers who supplied the town with garlands and bunches.

Plant of the week

Abutilon Golden Fleece



This is one of a small group of hybrids which are grown under the general name *Abutilon X hybridum*. All are long-stemmed, loosely-branched shrubs with maple like leaves and bell-shaped flowers produced for most of the year. Only in the mildest and most sheltered places in Britain can they be grown outdoors and in general they are for cool greenhouses or conservatories where they can be trained against a wall or trellis work or wires. Golden Fleece has large, clear yellow flowers and is one of the most beautiful. Orange and deep red varieties are also available. All will grow in any reasonably fertile soil and can have their stems shortened or removed if they occupy too much space.

Arthur Hellyer

Holes for ancient roots suggest an early use of lemon trees in pots. Oleander and evergreen viburnum are shown in the paintings. There was clipped box, that age-old Italian feature, and a pleasant use of snow-white Madonnas lilies. This style of horticulture would not surprise a keen modern town gardener.

They already rivalled the English range of pots, too. Handsome birds are shown on the garden fences, not least the golden oriole. Dogs were all over the place and the pit bull menace was already in evidence, to judge from the fangs in the dog mosaic floors.

The surge of hot ash is believed to have approached at up to 50mph. If it was heading for your home, where would you turn first: the roof, the garden or the nearest *sauna*?

This autumn, I would have left my skeleton among Pompeii's roses, among the ivy on the garden fences and the thrushes pecking at the figs. The loveliest setting for an ancient site in Italy is not just a monument to passions of the flesh. Perhaps I could have coaxed a local Gradiva into the garden but, like us, the people knew other pleasures and gardened because they, too, loved flowers.

You have an appointment with the birds and the bees

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THE LYGON ARMS
CHARACTER SHOWS

THE SAVOY GROUP OF HOTELS AND RESTAURANTS

The shipping clerk who knew infinity

Continued from Page 1

gulf of culture and geography, with all their chance for misunderstanding. Now, as he would for the next few years, Ramanujan saw Hardy nearly every day and could show him the methods he had developed in India that he had been loath to describe by international post. Meanwhile, Hardy had the notebooks themselves before him and, with their author by his side, could study them as much as he wished.

The following year, 1915, saw a flood of papers by Ramanu-

jan, including one presented by Hardy to the London Mathematical Society. He had also moved into a set of rooms just behind Trinity's Great Court, less than 100 yards from Hardy's rooms. Ramanujan had already produced a paper on "Modern Equations and Approximations to Pi" which led to the computer algorithms for Pi that are still the fastest in use today; and that year his paper on highly composite numbers, his most important work so far, appeared in the Proceedings of the London Mathematical Society.

Earlier, Ramanujan had invited Bailey and another mathematician, S. Pollard, to see it. "He started at the beginning," Bailey would recall, "and quickly turned over the pages as he explained the ideas and arguments very briefly. Pollard wrestled manfully with the argument and was rewarded by a severe headache. I gave up the struggle earlier."

Ramanujan, though, was not in good health. He found it impossible to eat a well-balanced vegetarian diet in wartime Cambridge and he missed

the sum of India. He became ill and tuberculosis was diagnosed.

He became so depressed that he attempted suicide, throwing himself in front of a London underground train. It stopped feet from him and Hardy had to intervene to stop police arresting and charging him. "We in Scotland Yard did not want to spoil his life," one officer reportedly said when told how distinguished the bloodied academic was.

From 1917 until the end of the war, Ramanujan spent months in various nursing

homes. Hardy was a regular visitor and, at one point, nursed Ramanujan briefly himself. In 1919, by then a Fellow of the Royal Society and of Trinity but very ill, Ramanujan decided to return to India where he was to die two years later at the age of 32. Hardy subsequently described his association with Ramanujan as "the one romantic incident in my life."

* *The Man who Knew Infinity: A Life of the Genius Ramanujan*, by Robert Kanigel, Charles Scribner's Sons, New York, \$27.95.

Whats PINK with GREEN fingers?
The WEEKEND FT Gardening page.

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HOW TO SPEND IT

Post early for those helpful presents

Lucia van der Post thumbs through the Christmas catalogues from the charities and finds them stuffed with attractive gift ideas

THESE are those for whom, please, this week's piece will already be too late — they are the clued-up planners and organisers of this world who start to think about Christmas before the August Bank holiday traffic jams have cleared. I am sure there is a lot to be said for this forward thinking and careful planning but it is not my way. Early November is quite time enough to start thinking about what our national retailers are pleased to call the Festive Season. And if it were not for the problems of our postal service even that would be far too early. As it is, it really is time for those who plan to do most of their shopping from the comfort of their own armchair to do more than just think about it. It is time to send off for the catalogues, start writing out lists and generally get a bit excited. For those who believe in combining giving presents to the privileged of this world with helping the under-privileged here is the A to Z of how to do it.

These catalogues are not the place to look for sumptuous and exotic goodies. They are excellent places to find relatively well-priced cards, wrapping paper, ribbons, crackers and decorations.

Many of them will personalise things such as Christmas cards, pencils, crackers but you need to move fast — if they have a fault it is that they seem imbued with bad old business practices that used to infect the state sector. Nothing can be done fast and certainly not overnight. Catalogues frequently take two weeks to arrive and anything personalised will usually take up to 28 days.

Remember to read each catalogue carefully for postage and packing costs — these vary considerably.

You will find quite a lot of overlap in the present selection, largely because many of them seem to use the same wholesalers, so a selection of three or four of your favourite charities' catalogues should give you as much choice as you need. This year is again heavy on recycled paper, baskets and ethnic jewellery and this year's award for the present I least want to receive has an out and about winner. It goes to the novelty tea-pot shaped like a Christmas pudding.

Save The Children, SCF Trading Department, PO Box 40, Burton-on-Trent, Staffs. DE14 3LQ. Tel. 0283-510111. One of the best for offering something attractive for everybody from childhood to old age. A good catalogue for all

the little things that go to make up Christmas — the cards (allow 28 days if you want them personalised), calendars, crackers, decorations and candles. There is one of the most reasonably-priced wreaths I have come across — made from pine cones and red flowers and apples it is 7½ ins in diameter and sells for just £7.50 (compare prices with the fancy florists around town and you will see what I mean).

All the hardy annuals are there — the personalised tumblers (£8.99) and luggage straps (£5.50), the gadgets and gizmos, but genuinely useful would be the steel fish poachers (£25.99) and the asparagus cooker (£17.50) while fans of fine soaps and potions also have lots to choose from.

For the outdoor set I think the canvas and leather ruck sack is excellent value (£19.95) while there are lots of other practical ideas ranging from an inexpensive torch (£2.99) to a pocket compass (£4.50).

National Asthma Campaign, 300 Upper St, London N1 2XX. 071-256-2260.

Asthma affects the lives of about 3m in the UK and is responsible for more than 2,000 deaths a year. The charity has produced a slim little catalogue.

Just a small selection of very nice cards and an equally small selection of presents. There are lavender drawer liners (£5.99) and a personalised clown tidy (£9.99) which would

be fun as well as useful for a small child, as well as charming ceramic cat or dog string holders (£7.15 each) and a few ideas for the gardening and outdoor brigade.

British Heart Foundation, PO Box 45, Burton-on-Trent, DE14 3LQ. 0283-510111.

A large selection of cards, crackers, wrapping paper and decorations to choose from but all some well-selection presents — for instance the set of four photograph albums, nicely bound, for just £13.45, a strong wooden Sellotape dispenser for £6.99 and a chic enamelled ball-point pen for £6.99. Useful for the travelling classes are Mary Quant's packaway ponchos at £9.99 and the blow-up neck pillow for those who have to sleep in cars or aeroplanes (£3.99).

Action and Research for Multiple Sclerosis, Arden Press House, Pimrose Avenue, Letchworth, Herts SG6 1LE. 0462-675613.

A small catalogue concentrating mainly on cards, crackers and other festive accessories with a very small selection of presents — a sweet and inexpensive idea could be the little terracotta pot and bulb that comes in a basket for just £2.99 (three for £7.99).

The Disabled Living Foundation, 350-384, Harrow Rd, London W9 2HU. 071-289-6111.

Cards and a small selection of rather sweet home-related presents — things like book-

plates, stationery, floral tea-towels and aprons and some sweet presents for children, including a Noah's Ark puzzle, sketched here, for £2.99. Gifts from Guide Dogs, The Trading Manager, GDBA, Alexandra Ho, Park St, Windsor, Berks SL4 1JR. 0753-855711.

The usual selection of cards, wrapping papers and present tags (though all on a doggy theme) and lots of presents on a cat or dog theme varying from the sickeningly sentimental, such as the Retriever Lamp (yours for just £59.75) and a 'delightful sculpture' of a kitten asleep (£17.50), to the charming and useful, including ceramic string holders, oven mitts and mugs to spoons and tapestry kits.

The National Trust (Enterprises), PO Box 101, Western Way, Wexham, Wilts, SN 12 8EA. 0255-705676.

As always, some eminently desirable presents, things one actually longs to have and to give as opposed to things one can just bear to buy. Pure Irish linen napkins (£21.95 for four), Tapestry kits (£19.95), cast-iron doorstops (see drawing), really enchanting mugs and china, as well as travel rugs, a duck bootscraper (at £43.50 a really charming present) and plenty of attractive ideas for children.

Also look out for some beautifully packaged foods — Earl Grey tea, honeys, jams and chutneys, perfectly round

Christmas puddings, fudge and other delights.

Oxfam, PO Box 182, 274 Banbury Road, Oxford OX2 7DZ. Tel. 0869-245017.

Its selection gets more sophisticated by the year and the Oxfam supporter can be sure of finding something for almost everybody here.

Embroidered belts from Guatemala (£17.95), hand-dipped beeswax candles (£3.25 for two), baskets from Kenya, mirrors from Peru, Gladstone bags from southern India, rugs from northern India and sweaters from Bolivia, as well as toys for children and cards to send. The NSPCC, 87 Saffron Hill, London EC1N 8RS. 071-242-1628.

Another good source of cards and crackers (some particularly elegant bottle green and gold crackers) but also some good presents — an Edwardian style wood and cast-iron aler, good for drying flowers or hanging pans (£39.95), a charming duck doorstop (£19.95), a selection of scarves, jewellery, trinket boxes and quite a lot of ideas for men (from a man's watch to wallets and photograph albums).

ActionAid Trading, PO Box 10, Gateshead NE 8 1LL. 091-487-5562.

One of the smaller catalogues but most of what it sells is made by people working in community projects in some of the world's poorest countries. Particularly good on toys —

the wooden croquet set, for instance, is made from hardwood (a 10 per cent surcharge on all wooden products is put into promoting replanting schemes), and there are good quality teddy bears and dolls.

Traidcraft, Kingsway, Gateshead, Tyne & Wear, NE11 0NE. 091-491-1001.

Traidcraft, of course, runs a regular year-round mail order service filled with attractive things from the Third World. For Christmas there is a special, smaller catalogue with lots of Christmassy suggestions — cards, calendars, decorations and a few pieces of jewellery, toys, stationery (recycled — of course) and knitwear. From the year-round catalogue (which costs 75p) there is a much bigger selection with frankly more choice

for those looking for presents that might really please. Marie Curie Cancer Care, Pembroke Centre, Cheyney Manor, Swindon, Wilts. 0793-512121.

Small but useful catalogue for those who particularly want to help a cancer fund. From it you could certainly buy your cards, wrapping paper, candles and decorations if you were not looking for anything too special or original. You could also find some splendid, if traditional, presents — jars of honey, sides of smoked salmon, packs of good biscuits, stationery, bath oils and soaps, drawer liners and a raft of leatherware, everything from wallets to diaries and maps.

World Wildlife Fund, PO Box 49, Burton-on-Trent,

TOP ROW, LEFT TO RIGHT:
● Brass vase from Moradabad, India. £11.95 from Oxfam.

● Fleecy lined slippers £9.99 from the NSPCC.

● Chunky wooden tape dispenser, £8.99 from the British Heart Foundation.

● Boxed croquet set, £29.95 from ActionAid.

● A gentleman's travelling set with soap, aftershave, bath and shower gel, shampoo, conditioner and hannel, all for £14.95 from Marie Curie Cancer Care.

● Bulbs in a single terracotta pot and basket, £2.99 or three for £7.99 from Action and Research for Multiple Sclerosis.

● Red Riding Hood doll one side, Granny and Wolf the other. £16.95 from Traidcraft.

● Mahogany reproduction of a Victorian sewing turntable with thimble, seven bobbins and loose pins and needles. 4½ ins by 4½ ins, £39.95 from Save The Children.

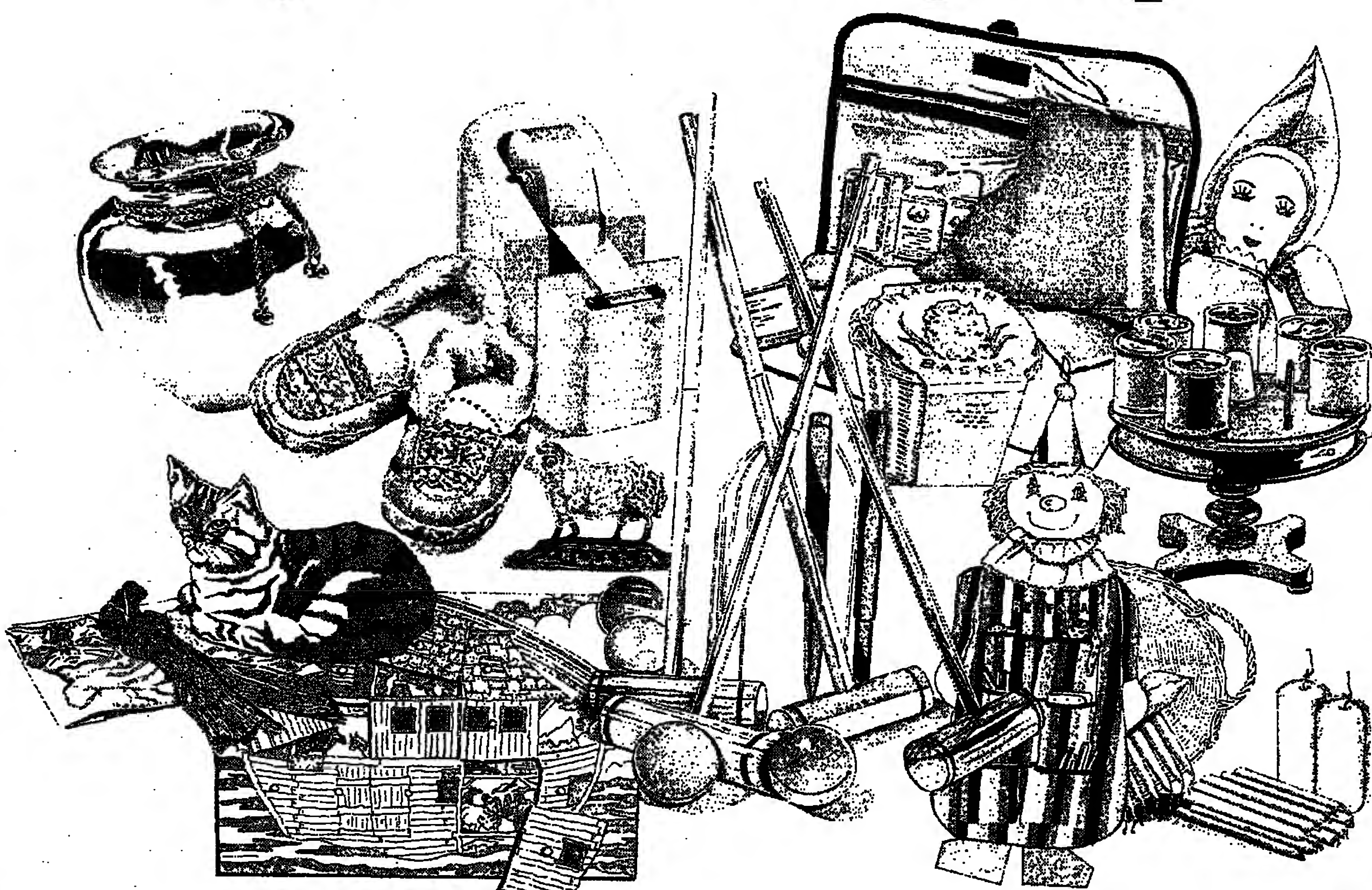
BOTTOM, LEFT TO RIGHT:
● Ginger cat Tapestry Kit, £19.95, from Gifts from Guide Dogs.

● Noah's Ark jigsaw for the younger child — helps develop memory, recognition co-ordination. £2.90 from the Disabled Living Foundation.

● Black and white cast-iron door stop, 6 ins high by 9 wide, £28.50 from The National Trust.

● A colourful, striped clown tidy for storing pens, crayons or whatever else its small owner fancies. £7.99 or £9.99 personalised with a name from National Asthma Campaign.

● A basketful of mixed beeswax candles, £14.99 from the World Wildlife Fund.



Anthony Lloyd

Loose arrangements

IN THE home entertaining stakes you are nothing, it seems, but nothing. If your flowers do not pass muster. People like me who have enough trouble getting to their own tables on time can do without finding new things to worry about like whether Constance Spry would approve of the flower arrangements.

Flowers are always there, often in profusion, but arranged? You must be joking. They are bought on the run and put into the handiest, prettiest jug and that usually has to do. So you can see why when Pulbrook & Gould, that most august of floral establish-

ments, announced that it was, for the very first time, prepared to impart its magic secrets to those with £50 (inclusive of VAT) to spare, that I felt here was a once in a life-time chance to pull myself up a notch in the dinner party stakes.

For anybody who knows anything about flowers, florists do not come classier than Pulbrook & Gould. Lady Pulbrook & Miss Gould it was who 35 years ago almost to the day showed the world that there was more to flower arranging than stiff and formal symmetry. They double-handedly showed that the chic way with

flowers was to make sure they looked like flowers and not like pokers. The totem words of the P & G school of floral matters are "loose" and "country." "Loose" and "country" is just what I like, too, so that was how I came to find myself with six other women, of assorted ages, watching Sheila Quaddy initiate us into the secrets of the trade.

I have to say it was awe-inspiring. There was Quaddy faced with a bucketful of foliage and precious few flowers, and in what seemed like no time at all there was an admirably loose and "country" coffee table arrangement.

P & G is famous for its foliage and Quaddy tells us that it is essential for providing looseness and informality. It is more important than the flowers and it is amazing, apparently, what can be done with even the humblest leaves. We learn that we must first get our basic shape right. She starts by putting in a tall branch of leaves and berries. More foliage, of diverse shapes and colours, goes in to provide more shape and conceal most of the bowl.

Leaves must flow and trail to look soft and natural. On no account are we to end up with a mean and bunched little number. We learn how to prepare the leaves and flowers — "all woody foliages and berries



Country style — the Pulbrook and Gould way

should be split or crushed, flowers should be picked at least a day before you arrange them and given a good long drink. Euphorbias and anything with thick milky stems should go into 2 ins of boiling water.

Gaps are filled with five big soft heads of hydrangeas ("always choose your flowers in threes, fives or sevens") the whole is finished with seven glorious pale apricot roses. "Never," says Quaddy, "put flowers in at exactly the same height — heights should vary, so should depths. Always keep three or five lovely round things for filling in near the centre." The finished bowl is soft, natural, enchanting. We are awestruck. "So quick, so beautiful, so effortless," we murmur.

Then to the real test — we are given our own wire netting, silver string, flowers and

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FOOD AND DRINK



Flour power: the taste and smell of real bread

How to use your loaf

NOVEMBER heralds the start of the season when cooks are happy to barricade themselves in the warmth of the kitchen for most of the time. Outdoors we head instinctively for the fire, baking potatoes in the embers of a bonfire while fireworks blaze overhead, or being drawn to the street corner glow of the chestnut vendor's brazier.

Appetites sharpen as the temperature drops. Root vegetables take over from flimsy salads. The rich tastes of oxtail and game seem highly desirable. Roasts, braises, and stews return to the menu. Most basic, most atavistic of all perhaps, is good bread, the freshly baked smell of which is such a potent symbol of comfort.

One of the big breakthroughs in breadmaking in recent years has been the introduction of fermipan or easy-blend yeast which, unlike traditional dried yeast, does not need to be reconstituted in liquid before use. You simply mix it directly with the flour. I always use the Harvest Gold version (Safeway stocks it) as, unlike other brands, it does not include so-called bread improvers, additives which are unnecessary to a good, honest loaf.

TOMATO BREAD

WITH FENNEL

One of my favourites, this richly savoury dough makes

excellent rolls as well as loaves.

$\frac{1}{2}$ lb granary flour; $\frac{1}{2}$ lb unbleached white bread flour, preferably stone ground; 1 sachet Harvest Gold easy-blend yeast; 2 teaspoons salt and a good grinding of black pepper; $\frac{1}{2}$ lb sun-dried tomatoes in oil; 1 teaspoon tomato paste; 1 teaspoon fennel seed, lightly bruised; $\frac{1}{2}$ pt water ($\frac{1}{2}$ pt boiling and $\frac{1}{2}$ pt cold water).

Chop the tomatoes into small pieces, put them into a sieve and leave for 5-10 minutes to drain off the oil. Mix the flours, yeast, and pepper. Reserving the tomato pieces, mix their oil with the tomato paste, bruised fennel and warm water. Add the liquids to the dry ingredients and mix and knead to an elastic dough. Place in a large oiled polythene bag and leave to rise until doubled in size.

Knock back the risen dough and work the tomato pieces into it, adding extra flour if the mixture is too sticky. Divide between two lightly greased 1lb loaf tins, cover and prove for about 45 minutes. Then bake at 425°F (220°C) gas mark 7 for 35-40 minutes.

MULTI-SEED BREAD

Many breads are topped with a scattering of sesame seeds, which tend to fall off when the loaf is cut. This one is packed with seeds - inside, so they will not get lost. Dense, chewy

and nutritious, this is bread to eat on its own, spread with marmalade or serve with cheese.

$\frac{1}{2}$ lb wholemeal flour; $\frac{1}{2}$ lb granary flour; 1 teaspoon each salt and soft brown sugar; 1 sachet Harvest Gold easy-blend yeast; 1 oz pinhead (coarse) oatmeal; 1 oz sesame seeds; 1 oz sunflower seeds; 1 oz pumpkin seeds; 1½ tablespoons sesame, nut, olive or sunflower oil; $\frac{1}{2}$ pt warm water.

You need to know all about dough, says Philippa Davenport, especially on winter days

Mix and knead the flours, yeast, salt, sugar, oil and water to an elastic dough. Place in a large lightly oiled polythene bag and leave to rise until doubled in size.

Toast the oats and seeds to heighten their nuttiness, shaking them in a dry frying pan over low heat for several minutes until aromatic. Cool them.

Knock back the risen dough and work in the toasted seasonings. Put it into a lightly greased loaf tin, cover and prove for about 45 minutes.

Slash the top of the loaf along its full length, sprinkle with a few extra seeds if you like, and bake at 425°F (220°C) gas mark 7 for about 40 minutes.

BROA DE MILHO

Given the current foodie fashion for polenta, maize bread could be next. It certainly goes well with soups, fish soups in particular, and it makes a fine base for stuffing a chicken.

But, be warned, Portuguese maize bread is substantial stuff. Traditionally two parts of cornmeal are used for every one part of wheat flour. I reckon equal weights of maize and wheat suit British tastes better. Edite Vieira says in *The Taste of Portugal* that the boiling water method is an essen-

tial part of maize breadmaking. 6 oz cornmeal (coarse maize flour); 6 oz unbleached white bread flour, preferably stone ground; 1 slightly heaped teaspoon of salt; $\frac{1}{2}$ teaspoon sugar; 1 sachet Harvest Gold easy-blend yeast; 9 fl oz boiling water.

Put the cornmeal into a large bowl. Pour on the boiling water and stir vigorously for a minute or two, then leave for 7-8 minutes. Meanwhile, mix together the remaining ingredients.

Add the dry ingredients to the cornmeal and mix and knead well, adding a splash of tepid water if very dry or more flour if wet. When smooth, cover the dough with lightly oiled polythene and put to rise in the usual way - but do not expect it to double in size. Knock back, knead again briefly, shape the dough into a ball and roll it in wheat flour. Put it on a baking tray, cover and prove for about 40 minutes. Bake at 425°F (220°C) gas mark 7 for 35 minutes or so, during which time appetising golden cracks will appear in the whitish crust.

IRISH SODA BREAD

If you want to put home-made bread on the menu but there is no time for rising and proving, this is the one to choose. The only pity is that soda bread is a poor keeper: eat it within a few hours of baking or freeze for later use.

$\frac{1}{2}$ lb wholemeal flour; $\frac{1}{2}$ lb plain white flour (household flour not bread flour); 1 very gently rounded teaspoon bicarbonate of soda; 1 very gently rounded teaspoon salt; 1½ oz butter; $\frac{1}{2}$ pt buttermilk.

Heat the oven to 425°F (220°C) gas mark 7. Mix the flours, soda and salt. Melt the butter and stir in the buttermilk away from the heat. Mix the liquids into the dry ingredients and knead lightly.

Divide the dough in two, shape into balls and flatten into 4½-5 inch rounds on a floured baking sheet, spacing them well apart. Score each one right across the top with an X and bake straight away, at 425°F (220°C) gas mark 7, for 15-20 minutes more.

Still in the dark ages

AUSTRIA might boast a wide range of new-wave wines but it remains in the dark ages with beer. On my last visit to Vienna, I found the same big six in most pubs and coffee houses, with Zipfer from Upper Austria and the Styrian Güsser outdistancing their rivals. The bottled beers from this pair find their ways into every restaurant and hotel mini-bar.

Austrians drink a surprising amount of beer - 122 litres a head compared with 140 in western Germany - but perhaps because their wine culture is so well-developed, the situation is to some degree reminiscent of Britain before the advent of the Campaign for Real Ale (Caura). In the main, quality beers are simply not taken seriously. Recently, however, one or two micro-breweries have opened up in Vienna and the major cities, of which the Fischerbräu in Vienna's 19th Bezirk (district) is possibly the best known.

Sepp Fischer is a former computer salesman who developed his passion for beer in Britain. Ten years ago, he started selling a variety of good beers from a bar in Vienna's 1st Bezirk. For the past six years, his main interest has been the Fischerbräuerei, a building in one of Vienna's smarter and leafier suburbs on the way to the western hills more famous for their Heurigen taverns, where the offering is fresh young wine made from grapes grown within the city itself.

The brewery now produces 750 hectolitres annually, which is made entirely on the premises. The standard beer is an unfiltered, unpasteurised pilsner which contains 4 per cent alcohol by volume. In the spring and autumn, the Fischerbräuerei brews a couple of stronger Bock beers. But much of the brewery's

popularity can be attributed to its shady beer garden and jazz sessions on Sunday afternoons. Although the Viennese have seen and heard a lot of Mozart this

bicentennial year, Salzburg's greatest son has been kept off the menu at the Fischerbräuerei, where jazz is the background music.

While Austrian beer is made from pure barley, Berlin beers traditionally contain a far higher proportion of wheat. The city's most famous is the Weisse, made from malted pale barley mixed with wheat.

The Weisse used to be something of a cottage industry for Berliners, and many brew-pubs made their own in pre-war days. As the beer is rather acidic, it is generally mixed with a sweetener such as raspberry syrup or even a curious, sweet green liquid which has the virtue of being marginally less sickly. Drunk in this way, a glass of Weisse makes a refreshing summer tipple.

Not many people would want more than a glass of Weisse; Berliners intending to quaff beer all evening (and most would be more likely to drink something else).

Bottom-fermented, Bavarian-style beers were introduced to Berlin from the 1940s, and even now it is the Bavarians who have made the most progress in opening up markets in the former DDR.

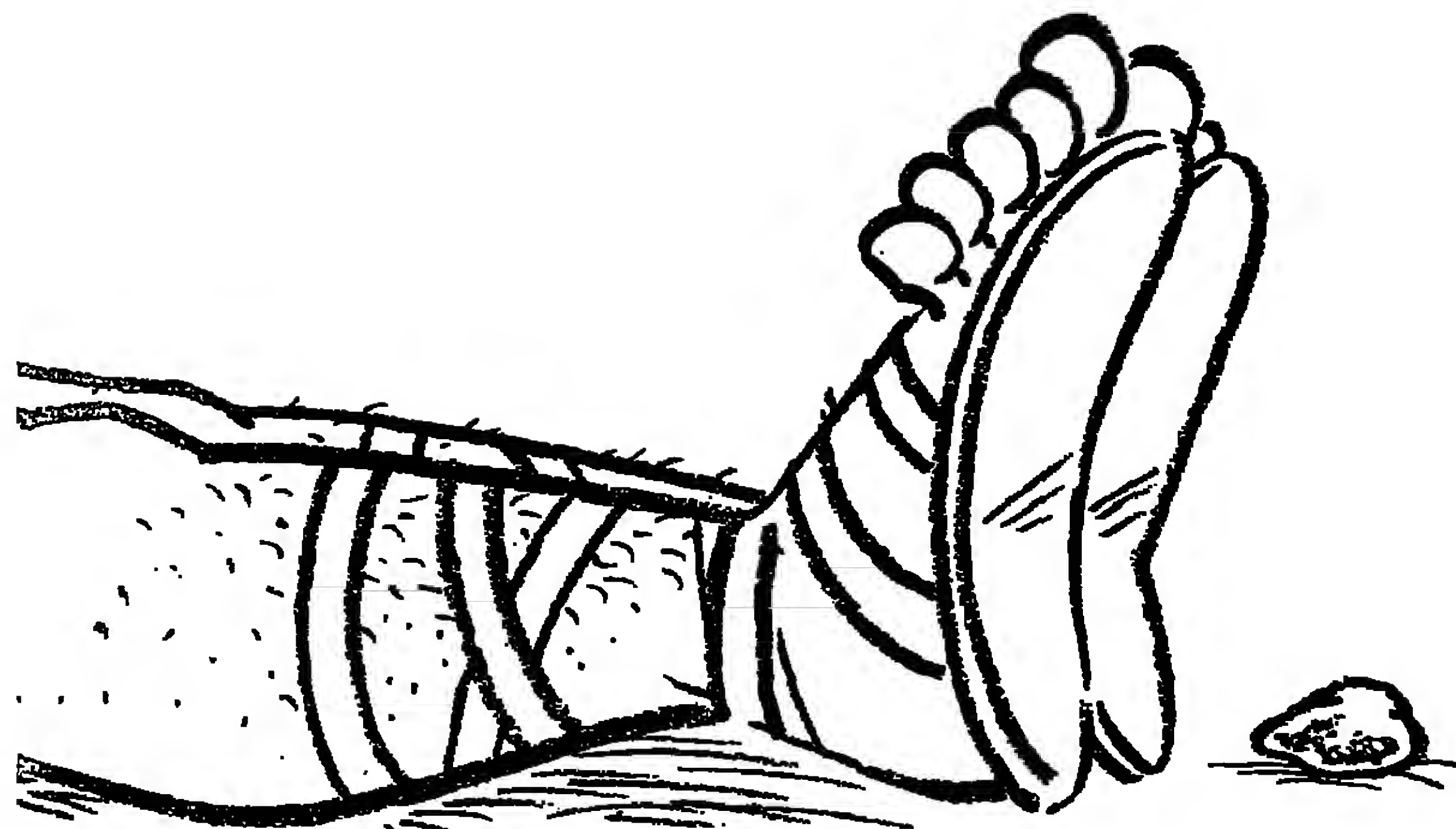
Schultheiss's best bottled beer is called Aecht Patzenhofer, a strong (5 per cent by volume) bottom-fermented pilsner made from 100 per cent barley.

Without doubt, it is a better bet for those not keen on getting to grips with some of the more bizarre beer-drinking habits of the Berliners.

Information: Fischer Bräuerei, Wien 19, Billrothstrasse 17.

Giles MacDonogh

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FOOD & WINE

How to find odd characters

Jancis Robinson on why independent wine dealers have particular merits

YOU MIGHT think, to read many wine writers, that the small independent wine merchant is dead. Instead of celebrating this heroic, struggling, but definitely extant, species we tend to specify stockists such as Tesco, Oddbins or Thresher because, by doing so, we can pass information useful to thousands of readers at a time.

Since pressure on editorial space is inversely proportional to gnomonic confidence, our cruel neglect of the independents may have intensified. One short word is often sufficient reference to a chain, whereas the name and address of Grogglebucket & Chunderton can eat into a writer's precious adjectives horribly.

However, a good independent wine merchant is immeasurably useful. He, and increasingly she, is a wine fanatic prepared to talk and, more importantly, to listen. Many will take back bottles that did not appeal - or were surplus to - that party's requirements. While they cannot match the chains' buying power at the bottom end of the price range, they can often offer a better overall deal further up. They are the only places to look for some of the world's more obscure and characterful wines. (The best way to identify the superior independents? Consult the Consumers' Association's *Which? Wine Guide*. The 1991 edition (Hodder, £10.95) was excellent but will apparently have to tide us over until this time next year.)

Here are three examples of exceptionally good wines that are exclusive to one good independent merchant, for a variety of reasons.

Ten years ago Madeleine Trehearne (Madeleine Trehearne Partners, 20 New End Square, London NW3, Tel: 071-435 8210... see what I mean?) found her way up the path of Joblot, the unpromisingly named but

now-celebrated star of Givry.

She is a part-time wine merchant, like many enthusiasts, who irritate the core of the wine trade but whose minimal overheads are extremely user-friendly. In her academic life she had a colleague at the University of Dijon whose mind, schooled in the history of ideas, was ideally shaped for grappling with the complexities of family relationships in Burgundy.

He recommended a tasting visit *chez* Joblot, warning her that the domain was not "commercial". She somehow managed to triumph over the Joblots' previous experience with Albion (which had culminated in a debt collecting mission from Givry to Winchester) and has been selling some of the best Givry in Britain from her Hampstead home for so long that she has finally been granted a little credit.

The unusual white, Givry Premier Cru, Domaine de la Servoise 1989 (£7.85 including NV3 delivery of at least 12 bottles), is gorgeously creamy and ripe and by no means dominated by the new oak barrels it conditions for Monsieur Joblot's equally superior reds.

Bill Baker is Reid Wines (The Mill, Marsh Lane, Hallatrow, Bristol, tel 0761-52645). Baker likes to eat, he, and his gastronomic wife, set off to holiday in Spain. So unimpressed were they by *merluza* and *tortilla* that they hot-tailed it over the Pyrenees to more familiar (and very much more expensive) pastures: the famous Près surrounding Michel Guérard's three-star palace of pleasure at Eugénie-les-Bains.

Some justification for this was provided by Monsieur Baker's discovery of Michel Guérard's glamorous new winery and the wine Château de Bachein 1989, now available from Reid Wines at £5.95, plus VAT (£5.99).

The international star of the

Landes is now attempting to shine light on his local wine, Tursan. A mere VDQS so far, this scented, dry, unoaked white version is made up of defiantly unfashionable local grape varieties: half Baroque, one quarter Manseng with just an eighth each Sauvignon Blanc and Semillon.

As befits a Guérard product, the packaging is almost distractingly beautiful but the wine inside, made solidly for the table, is worthy of it. Characteristically, for a good independent, Bill Baker will assure you that it is better than Baron de Bachein, the more expensive casked version, which he also sells. The wines are also set to appear, at £7.40 and £12-plus, on the new list of Corney & Barrow, London EC1.

Wholesale importer Richards Wolford (Pickworth 0793-410-243) has daringly added a Rioja to its portfolio of fine French wines - not because Roy Richards had the reverse holiday experience to Baker but because a new, small bodega was brought to his attention by some knowledgeable wine writers.

Charles Metcalfe and Kathryn McWhirter, who have written two much-needed guides to today's Iberian wines (published respectively by Salamander and Sainsbury's), put Richards in touch with Rioja Alta growers-turned-winemakers Amezola.

The result is the admirably structured Rioja Amezola Crianza 1987, now available at about £8.75 through a network of small independent retailers: Bassett Fine Wine of Edinburgh, 031-332-5168; Richard Harvey, of Dorset, 092-945-224; Andrew Mead, of Presteigne, Wales, 05476-288; and Burlington Wines in Ipswich, 0473-250242.

Thus, it is proved, that not all wine writers short-change those who labour for love in the wine trade.



Bill Baker: an independent thinker on wine

An instant coffee fix

Nicholas Lander meets a man who keeps the caffeine flowing

IF AN army marches on its stomach what sustains a restaurant brigade? The answer is different depending which side of the swing door you are on. Kitchen porters tend to prefer large quantities of tea; front of house and management are more likely to prefer a cappuccino or an espresso - a valuable shot of caffeine before the service starts or ends in the early morning.

No self-respecting restaurant can open nowadays without a good espresso machine - and they do not come cheap. The latest semi-automatic machine capable of making four cups at once costs £3,500.

These machines need servicing and, when they do break down, mean not only a loss of revenue but also staff unhappiness. In situations like this the call goes out to the sandwich bars, restaurants and clubs of London - send for Vittorio Necchi.

Necchi is a third generation Londoner (his mother was Scottish/Italian, his father English/Italian) but his family history reads like a history of the Italian coffee bar in London.

During the 1940s his mother ran three sandwich bars in the West End which subsidised his father's small factory at Seven Dials which made and repaired coffee machines. Coffee was almost in the blood.

Although trained as a car mechanic Necchi set off for Turin in 1954 where he spent a month learning how to maintain, to take to pieces and to rebuild the espresso machines that were just about to invade the London scene.

He returned with a van load of spare parts and manuals and installed his first espresso machine at a place in Kensington High Street. For the past 36 years he has installed all the different makes - Universal, Aurora, Eterna, Cimabale, Zenith and, most of all, Gaggia which remains his favourite - in virtually every London postal district.

Necchi has an impressive list of clients from West End restaurants such as Alastair Little and L'Escargot to the exclusive Harry's Bar, Mark's Club and Annabels.

He still looks after some of the machines which his father installed in London's many Italian sandwich bars. The oldest

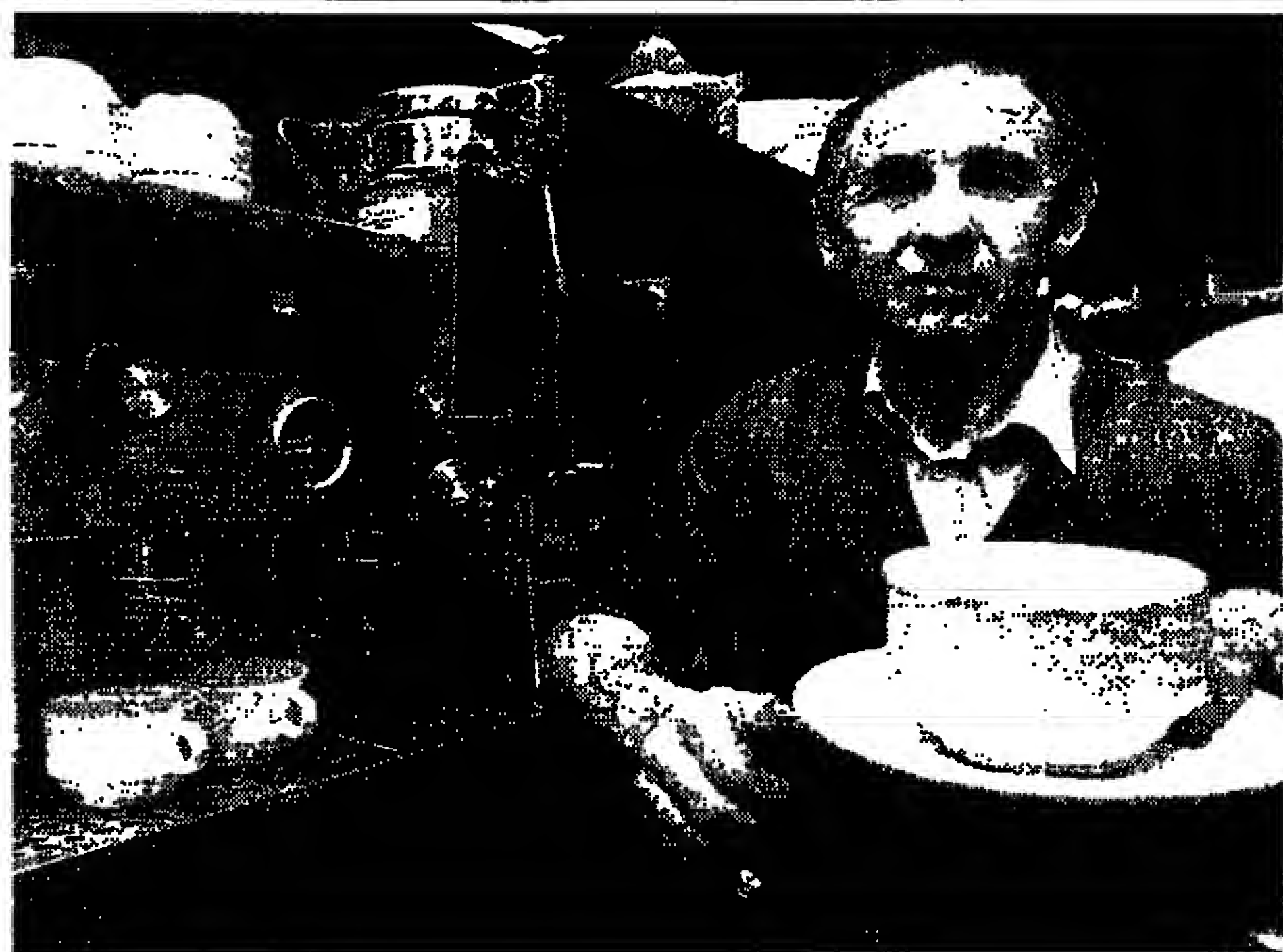
machine still in active service is one installed by his father in 1880 at the youth club in St Peter's Church, Clerkenwell.

Until five years ago Necchi arrived on his trusty motorcycle to answer breakdown calls. This has had to give way to a more prosaic van, a clammers' delight in his opinion, as the number of spare parts he is forced to carry has increased. A modern espresso machine, semi-electronic, now has only three moving parts but more than 400 parts in total.

To maintain his business, sadly not for domestic coffee making machines, a telephone answering service takes emergency calls seven days a week, 24 hours a day (071-485-4308).

Necchi and his two colleagues have a small factory in Holland Park where their most pleasurable task is to rebuild espresso machines from the 1950s but he is usually on the road - except, of course, over the lunch hour.

Then, his customers are busy serving espressos or cappuccinos, and Necchi pursues his favourite pastime, apart from talking about coffee or his family, at the National Karate Club in King's Cross.



Vittorio Necchi: king of the cappuccino machines

TO VISIT Tokyo motor show is to know how Aladdin must have felt when he entered the magic cave. It is a treasure trove of genuine novelties. Concept cars and new models have been making like a world their debut in the air-conditioned halls of the Nakurari exhibition complex.

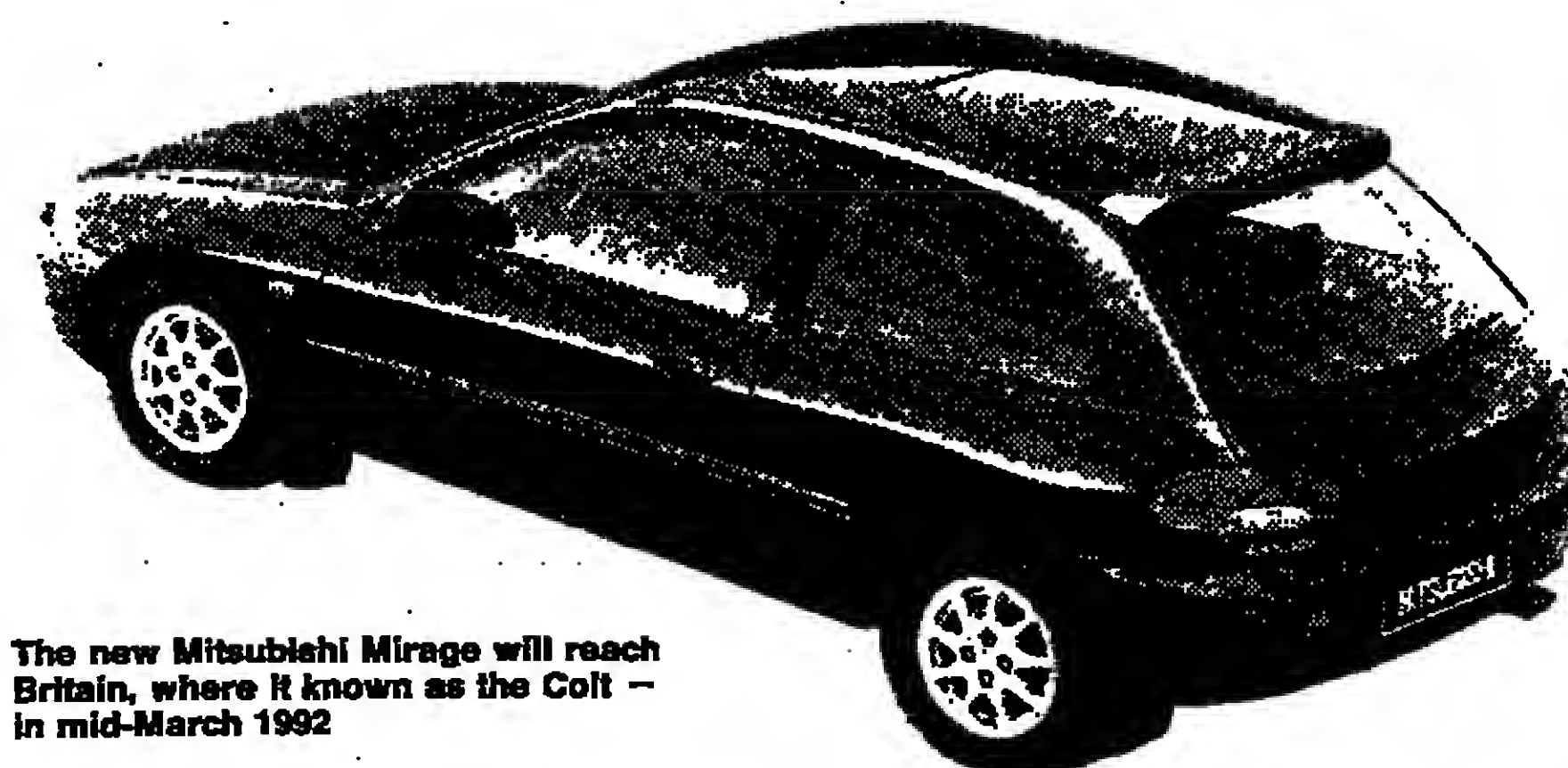
The world's car makers, whose top brass have flown in by the plane-load, take Tokyo show very seriously indeed. They have need to. Not only is Japan's motor industry unmatched for sheer innovation. It also has the uncomfortable habit of turning concept cars into production models in a trice.

The products of European and North American car makers are there in greater numbers than ever before. Status conscious Japanese like to be seen driving imported cars, especially those with left-hand drive because they cannot be confused with the domestic product. (The Japanese, like the British, drive on the left). Large, dark coloured Mercedes-Benz and BMW saloons are especially favoured by the rich and influential.

Two European cars even made their world debut at Tokyo. One was the first production model Jaguar 220, a beautiful, 6-cylinder, twin turbo-charged collector's piece of its performance and apparently zero real-world utility.

Although this Fabergé egg among cars had been seen as a prototype at Birmingham three years ago, it attracted nearly as much attention from Japanese show visitors as the astonishing Audi A8.

Audi had shown a startling though far from practical 2.8 litre V6 engine light-weight quattro sports car concept at Frankfurt in September. But it held back the A8 for Tokyo. This has a mid-mounted 12-cylinder engine consisting of three blocks of four cylinders, each having five valves apiece, or 60 in all. (Mazda, it must be said, showed a similar N-shaped 12-cylinder engine at Tokyo two years ago).



The new Mitsubishi Mirage will reach Britain, where it known as the Colt - in mid-March 1992

Aladdin's car cave

with 509 horsepower and weighing only 1250 kg, the four-wheel driven and four-wheel steered all-aluminium A8 is said to leap from a standstill to 100 kmh (62 mph) in three seconds and to reach 210 mph (<338 kmh) - by build 1? To demonstrate its expertise in lightweight construction, Audi explains. Though it will never go into production, some of its proteges may appear in showroom cars.

More to the point, perhaps, were a host of new Japanese models which will be coming to Europe early in 1992. They included Mitsubishi Mirages (called Colts in Britain) and Lancers, with engines including a tiny 1.6 litre, 24-valve V6, and a sportier looking successor to the Honda Prelude.

Mazda's 626 replacement, which arrives in Britain early in the New Year, will be followed by a new rotary engine RX-7 sports coupe, lighter than the current one and twin turbo-charged for more power.

Among the dotted concepts was an Isuzu with a fifth wheel lurking under the rear bumper. At the touch of a button this raised the back wheels off the

ground and powered the car's tail sideways. A lazy parker's dream? Well, yes, but Toyota deployed technology of a much higher order in its 3-litre, V6 ten-engined SUV concept car. This has sensors linked to the steering.

Its electronic gadgetry also alerts drivers if they drift off course on a motorway, perhaps because they are sleepy. Even more important, it uses radar to tell them if they are too close for safety to the vehicle in front. If they do not heed the warning, it applies the brakes.

There are still a few bugs to iron out. But once perfected and there can be little doubt that it will be - this headway warning system would revolutionise rush-hour driving on overcrowded motorways like our M25.

Although people simply breaking the speed limit are the conventional villains of the motorway piece, most multiple stunts are caused by tail-gaters or people driving beyond their range of vision. Toyota's system could save them and their innocent victim - from the consequences of their folly. But forget the AXY-3's gad-

getry for the moment. It is a thoroughly driveable executive-type car, as I discovered on Toyota's Higashi-Fuji proving ground last Sunday, lashed with torrential rain as Typhoon Ruth edged near to Japan.

It handled nimbly and rode with firm stability, accelerating strongly without wheelspin through pools of water. Really, it felt more like a production-ready model than an attention-getting concept car.

When Toyota's British plant at Burnaston, Derbyshire, goes on stream in February 1993, the cars rolling off the line will be successors to the current Carina range. I would not be surprised if they looked rather like the AXY-3.

Other new Toyotas I tried at Higashi-Fuji were a Soarer 2.5 litre, 6-cylinder, twin-turbo-charged sporting coupe; a similarly powered Aristo luxury executive saloon; and a V6, 3-litre Windom. None of these cars will be sold outside Japan or the US, for which Europe's quality car makers must be duly grateful.

Stuart Marshall

As they say in Europe/James Morgan

Existentialist rugby

IN THAT STRANGE symbiosis that exists in cross-Channel relations, the British become the inevitable Aunt Sally of French resentment. But there there is not the vitriol or lumpy stupidity that disfigures British press comment on our nearest neighbours.

Last week in these pages Dominic Lawson lamented the chauvinism of British World Cup reporting. French World Cup reporting also reflects wider attitudes which accounts for the fact that the Cup has become a story about England.

It happens in a totally familiar manner with other stories: too last week in *France-Soir* Claude Vincent used his column to attack the busybody European community - in this case its ban on the use of unpasteurised milk in canisters.

He wrote, "I suggest that the old women who govern us or who worry about European affairs in Brussels, supply, with all the necessary energy, a few observations on the practices of our partners. Let's start with the British. We close our eyes to some of the horrors such as roast lamb with mint and its *farinosa* de haricots suris (baked beans on toast). But this habit of drinking tea every five minutes is ridiculous and, moreover, unfavourable for the Community's balance of payments since tea is not harvested on the sweet hills of Devon."

On the same day in *Le Monde* one could read, "Rugby is another way of taking tea." This apparently well known saying kicked off Philippe Broussard's account of the Scotland-England game last Saturday. He noted that its author was unknown, but "Doubtless he was English. For the English are so made that

they delight in magnifying the superb ambiguity of this game, forever torn between the manners of the gentleman and the yob."

So there is a good naturedness about French attitudes that extends even to rugby. After the nasty game between France and England two weeks ago, Broussard noted that the French were puzzled over certain decisions of the New Zealand referee. "And if they were mystified, on that day of disillusion, it was less by a referee with a surprising whistle than

"I really had a very sweet sensation in the first scrum," said Leonard

by the English tacticians, incomparable strategists of the shove and crash ball."

At Liberation Christian Jaurena is the Truffaut of French rugby writers. He pays some attention to chronology but uses it to illuminate the state of mind of leading figures at crucial points in the game. "I really had a very sweet sensation in the first scrum," the prop-forward Jason Leonard was quoted as saying as he reflected on the way the Scots had collapsed it.

The French do not share the Antipodean hostility to the style of English rugby. Their writers are worldly wise, knowing that a team has to play to its strength whether it be the fluid passing movement through the backs or a well-concealed blow in the scrum.

Jaurena admired the manner in which the English had resisted the Scots' *furia*. "Since the quarter final at the Parc de Princes we have known that when the English

team adopts a tactic it does not do it by half. . . There had to be a great mastery of a collective technique to resist the driving assaults of the Blues: the English possessed it."

In *France-Soir* Gerard Baudouin put it this way. "In a place like Edinburgh, which they regard as damned, the English were not going to tempt fate. So they relied totally on their forwards and the boot of their fly half."

He dealt briefly with Ian McGeechan's allegation that the English had "strangled" the game. "To be in the final is not bad, but to see a bit of ball would not be bad either."

The sporting daily, *L'Equipe*, devoted two pages to the match. "Rolled in Porridge" was the headline over the feature on the Scots view; "The infernal machine" the headline on the special report on the English pack.

This illustrates the astonishing specialisation of French rugby writing. Indeed it is like French rugby itself. Sometimes a cliché will be wrenched from a loose sentence and sent whizzing through a line of purple prose, only to finish several yards back in a gashy mess of broken syntax. But more often it is vivid, exciting and inventive. Take Denis Lalanne in

L'Equipe: "Suddenly 'Sweet Chariot' rose to the lips among the ranks. With the inflexibility of a perfect clergyman, Jonathan Webb equalled the score at 85 as if he had given the last rites to enemy's bravura." Webb, incidentally, is a surgeon.

French rugby reporters, those men of "the pen and stylus" as they would probably put it, are heroes of mine. For them the game is life itself. I recall a radio commentator so carried away with an extended metaphor that he overlooked the scoring of a try. Their ink is profoundly informed by a sense of that untranslatable French notion - "le fair-play."

And in the mass of words, there is always the memorable statement where one of the protagonists shows the implacable accuracy of a Jean-Pierre Lescaur dropping a goal from three yards behind his scrum, 30 yards out. As Philippe Broussard put it after the bruising encounter of two weeks ago, "The Anglo-French affair was settled between fat men."

James Morgan is Economics Correspondent of the BBC World Service.

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BOOKS

The serial killer strikes again

John Williams follows the trail of the Ripley murders and finds a sinister sympathy

RIPLEY UNDER WATER is the fifth novel by Patricia Highsmith to feature Tom Ripley, the most deliberately sympathetic multiple murderer in contemporary fiction. He first appeared, nearly 40 years ago, in *The Talented Mr Ripley*, at the start of which he is an orphaned, diffident New Yorker who feels that life is passing him by. By the end of the novel he has relocated to Europe; he is confident, affluent and has a newly acquired interest in painting. This happy transformation, however, has involved two murders, numerous forgeries, and innumerable lies. The reader, meanwhile, has been gently lulled into complicity with an emergent psychopath.

Ripley then disappeared for nearly 20 years before Highsmith revived him in 1970's *Ripley Under Ground*. By this time he had insinuated himself into the French bourgeoisie and become eminently respectable, give or take his involvement in a major art fraud. Both commercially and artistically *Ripley Under Ground* was a surprisingly successful follow-up: Ripley had lost none of his amorality and effectiveness and he was soon back for a third appearance in the excellent *Ripley's Game*. This time, however, his charm had edged uncomfortably close to the downright evil: an imagined slight leads Ripley to deliberately destroy a man's life and to embroil an innocent picture frame in a series of Mafia-related murders.

Ripley's Game remains the high point of the series; the two later novels, *The Boy Who Followed Ripley* and this latest instalment, *Ripley Under Water*, are sadly little more than footnotes to what should perhaps have remained an impressive trilogy. *The Boy Who Followed Ripley* intriguingly plays up Ripley's sexual ambivalence, but suffers from incoherent plotting as does the new book, which retreats to the point of view of a young man who has remained an impressive triology. *The Boy Who Followed Ripley* intriguingly plays up Ripley's sexual ambivalence, but suffers from incoherent plotting as does the new book, which retreats to the point of view of a young man who has remained an impressive triology. *The Boy Who Followed Ripley* intriguingly plays up Ripley's sexual ambivalence, but suffers from incoherent plotting as does the new book, which retreats to the point of view of a young man who has remained an impressive triology.

A particularly disturbing aspect of the Ripley novels is the sense that this is not just the reader's but also the writer's

sympathy. Ripley's development has distinct parallels with his creator's. A New Yorker, Highsmith began the Ripley series in her early 30s, having already written two successful thrillers, *Strangers On A Train* and *The Battered*.

RIPLEY UNDER WATER
by Patricia Highsmith
Bloomsbury £13.99, 247 pages

ing rich kid named Dickie Greenleaf to return home to his family. Greenleaf has an easy, moneyed bohemian lifestyle with which Ripley falls desperately in love. He is the point of resolving to make it his own. And just as Highsmith decided to remain in Europe (currently living in Switzerland), so too did Tom Ripley; but while Highsmith supplied herself with writing, Mr Ripley's talents proved to lie in less legitimate fields.

Ripley's potency as a character is not simply due to his status as an anti-hero. Anti-heroes are, after all, the stock in trade of our time: for every straight-arrow, George Dixon copper on the TV screen there are a dozen Arthur Daley-style dodgy geezers. But Ripley is not among this crew; he does not inhabit a colourful criminal milieu and he is not engaged in amusingly petty criminal antics. Instead he lives in a beautiful house in France with his glamorous if somewhat distant wife Heloise. To pass the time he attempts to paint or play the piano and, like any other lifestyle, he is prepared to kill.

Highsmith never glosses over Ripley's murders: the people he kills are generally innocent victims, and their deaths are not easily effected. One of Highsmith's greatest strengths is the sense that this is a fellow human being, especially if, like

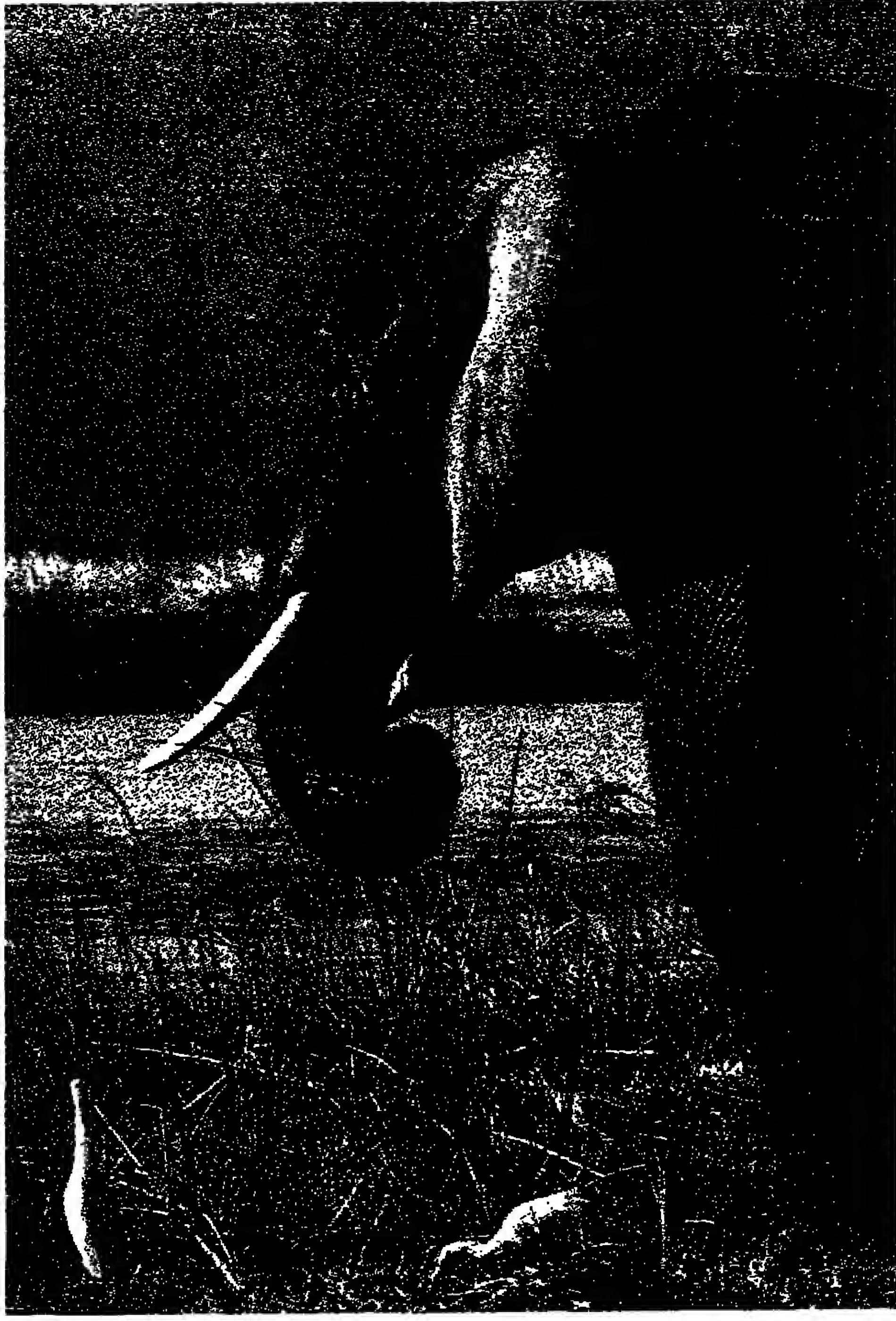
Ripley, your weaponry tends to be somewhat ad hoc - an ear maybe, or a wine bottle. Yet, as the horror builds, Highsmith employs the cracked but implacable logic of a bad dream to keep the reader empathising with, rather than condemning, her protagonist.

This is Highsmith's particular and perverse achievement: to make the reader identify with Ripley the fledgling criminal as if he were Ripley the nascent artist or club reporter. We are invited to sympathise with the tasteful, cultured but sadly underfed Ripley's battle to live an elegant life. As often as not Ripley's battles - for instance, with the pedantic art collector Murchison in *Ripley Under Ground* - are battles of style against vulgarity. It is surely not coincidental that the people Ripley is driven to kill are almost invariably Americans; never a drop of refined French blood is spilled.

With succeeding novels, however, the essential inhumanity and corruption of this view of the world bears down more heavily on the reader. By the end of *Ripley's Game* the charm is deliberately seen to be wearing thin, and with his revival in *Ripley Under Water* it is hard to see the man as much more than a murderer. A snob (a transformation which may yet reflect the somewhat misanthropic outlook of his creator, a woman who recently confided that, given the choice between feeding a starving baby and a starving kitten, she would tend to go for the kitten). Finally it has become clear that Ripley is truly devilish; the personification of our own worst selves, obedient to all society's most trivial rules yet contemptuous of its most fundamental laws.

At best, then, the Ripley novels, while functioning admirably as entertaining and original black comedies, lure the reader into stark confrontation with moral ambiguity. As the books seduce us into sympathising with the murderous Mr Ripley, as we revel in the company of a man without responsibility, so we are forced to recognise just how fragile our moral universe is, and to wonder whether there might not be situations in which we too would be prepared to kill. Particularly if, like Ripley, we could get away with it.

The first three Ripley novels are available in a omnibus edition entitled The Mysterious Mr Ripley and published by Penguin at £6.99.



A bull elephant at the edge of the Zambezi river - from *Elephants: Saving the Gentle Giants*, edited by Ronald Orenstein with an introduction by Richard Leakey and photographs by Brian Beck (Bloomsbury £18.99, 160 pages). The argument of this book is that it has been shown that poaching can be stopped - but the battle to save the elephant is far from over.

Too late to turn back the clock

THE SKILLED naturalist writer is almost as rare as the Congo peacock or the pygmy elephant - both subjects of the quest Peter Matthiessen conducts in *African Silences*.

"Skilled" is almost an insulting understatement for Matthiessen's sharply captivating prose, as he momentarily digs away at the countries of west and central Africa, exposing their physical and moral corruptions in a manner somewhere between Orwell and V.S. Naipaul.

No mere catalogue of jungle sights and sounds, *African Silences* is a melancholic revelation of how much has been wrecked by the decades of plunder in Zaïre, Senegal, the Central African Republic and elsewhere.

The greedy trappings of humanity across areas the size of Europe have almost put an end to the magnificence of a continental wilderness. In the course of two lengthy trips (in 1978 and 1980) in the company of locally resident naturalists, Matthiessen discovers that vast tracts of forest and savannah have become silenced. Where teeming animal abundance existed, ghosts scrape out an existence.

Whole species have been wiped out and the fragile balance of nature has been tossed aside. The eradication of the elephant, to the point where probably less than 500,000 roam freely outside game reserves, means that not only its own future is jeopardised but also that of other creatures, such as apes, who live in close symbiotic harmony with the pachyderm.

Matthiessen fails to find the Congo peacock, though he may have found the last living man known to have eaten the bird. Nor does he locate the pygmy elephant, reported sightings of which he attributes to mistaken identity - juvenile forest elephants are likely to have been confused with the mythical pygmy elephant. But who can tell? As he laments, all that is left of elephantdom outside the dubious game reserves and cages "are not stable family groups with matriarchal leaders but makeshift, neurotic bands of scared young animals that will not reproduce in an efficient way for years to come". The ivory

AFRICAN SILENCES
by Peter Matthiessen
Harvill £15, 225 pages

GAME WARS
by Marc Reisner
Secker & Warburg £16.99, 294 pages

GEORGE ADAMSON: LORD OF THE LIONS
by Sandy Gall
Grafton £16.99, 238 pages

poachers are merciless. An elegiac tone suffuses the book; it is too late to turn back the clock.

Game Wars really has two authors, Marc Reisner, the writer, and his close associate, Dave Hall, a Louisiana game warden who, in his passionate defence of the law, runs into more trouble than a Wild West sheriff. Hall's undercover investigations (into poachers of Alaskan walrus ivory or redneck alligator hunters in Louisiana) make gripping reading, thanks to Reisner's verve and commitment to portraying accurately the consequences of sickening massacres of wildlife. It is not necessary to be an animal rights activist to be appalled by the story. Who today recalls that in the 19th century canned pigeon was as staple a food for North Americans as canned tuna is today? Until that is, the passenger pigeon was shot out of existence, extinct by 1893.

Sandy Gall's lavishly illustrated story of the Adamsons, Joy, of *Born Free* fame, and her husband George, murdered in 1988 on their game reserve in Kenya, is well-timed for the Christmas stocking market. Not that children will be charmed by the revelation of the cantankerousness of non-loving Joy. The book covers well-marked ground but the photography is excellent.

Gary Mead

Garret jumps the gun

IT'S A funny old world, as Mrs Thatcher might say, but I doubt if she would think that much of this book is particularly funny, or indeed very diplomatic. Dr Garret Fitzgerald's autobiography, covering his period in Irish politics as front bench, Foreign Minister and Prime Minister, is an engaging, informative and extremely entertaining read, but it is also something of a high-class diplomatic kiss-and-tell story.

When the end came, in October 1974, she had already given of her creative best, and that is to be found in *Transformations* (1971), a collection of loosely-written poems based on extracts from Grimm's fairy tales, which succeeds through its combination of sharp psychological insight and (unusual for Sexton) self-deprecating humour. Her later books were not well received in the UK because she was regarded as a poor woman's Sylvia Plath and, equally important, because there was no women's movement to proclaim her, as it had done in America, the pioneering scout at a new cultural frontier.

So, would Anne Sexton, in the light of all this evidence, have approved of our knowing what was said in those sessions with her psychoanalyst? That queen of self-display would have relished the idea.

Michael Glover

ments, had prepared a 7,000-word "catechism" setting out some 60 questions which the reporters might ask, and the co-ordinated answers.

"She asks Dermot Nally to think of the most difficult question she might be asked at the press conference, and for Robert Armstrong to do the same thing for me. The two cabinet secretaries took us through the 'catechism' and we gave our answers on the status of Northern Ireland, the courts, what is in the agreement for Unionists and Nationalists, the issue of our governments having responsibility without power, security co-operation, secret agreements, the Ulster Defence Regiment, the judiciary, the Royal Ulster Constabulary, devolution, the use of the word 'consultative' to describe the arrangements, a bill of rights, and so on."

The Fitzgerald version does not say who came top of the class, but it does throw some light on the lady who, at an earlier Anglo-Irish summit press conference had said decisively "out, out and out" to

some of the main planks in Irish proposals for action on Ulster. When asked subsequently why she had sounded so dogmatic, and in a bid to repair the resultant sharp deterioration in London-Dublin relations, Mrs Thatcher responded: "When I am asked a direct question, I give a direct answer". No hint of rehearsal there.

ALL IN A LIFE: AN AUTOBIOGRAPHY
by Garret Fitzgerald
Macmillan £25 655 pages

Another anecdote: Fitzgerald, then Foreign Minister, travels to visit the Pope in Rome, to try to win agreement for an easing of the Roman Catholic stance on divorce, mixed marriages, the availability and use of contraceptives, et al. The outcome was not encouraging. "The theme was uncompromising. Ireland was a Catholic country - perhaps the only one left. It should stay that way. Laws should not be

The goddess vanishes

C.G. JUNG somewhere asks his reader to imagine a collective human being who is both young and old, both male and female, and whose memory reaches back to the dawn of humanity. This being recollects thousands of lifetimes and has lived through all the transformations of human culture.

In a way, Jung thought that there actually was such a being. It was the accumulated psychic life of all humanity, it was the spiritual world, and it was the Collective Unconscious, to which every one of us has access. So for Jung there is an intimate analogy between the spiritual life of the individual and that of the whole race. And if the psychic life of the individual is a lifelong movement from conflict to integration, then by analogy we should be able to discern a similar movement in the religious history of humankind as a whole.

That is why the Jungian school is the last remaining group of writers which still feels that it is possible to write full-scale Grand Narrative histories of religion. Anne Baring and Jules Cashford are both of them Jungian analysts, and the very large-scale story they tell is a kind of blow-up of the individual's life-history. It is, inevitably, a story of Paradise, of a Fall and of the long subsequent history of redemption.

It goes like this: just as for Freudians the god of patriarchal monotheism is a mythicised version of the human father, so the goddess is a mythicised version of the mother, and all of humankind's religious history has been a struggle between these masculine and feminine archetypes. In the beginning (that is, the Palaeolithic) the Great Mother Goddess was all in all, and we lay lapped with her womb. She gave birth to her son-lover in the Bronze Age fertility religions, and their Sacred Marriage was the source of all life.

At this second stage, however, the Mother no longer quite coincided with the world. She was distinguished from her offspring. This made it possible for her to be overthrown, in a patriarchal revolution which Baring and Cashford see as taking place in the late Neolithic and early Iron Ages. The new male values, technical, military and political, almost annihilate the old order. The rise of Babylon to pre-eminence in Mesopotamia is described in terms of the slaying of the she-monster Tiamat by Marduk, sun-god and hero. Yahweh has no consort and does not beget the world; he makes it like a craftsman. In one of the Genesis creation stories, the story of Adam's rib, the masculine revolution is taken to such bizarre lengths

that woman is born out of the body of man and not vice versa.

Thereafter the patriarchal principle consolidates its victory; but there is also a long, slow process of the return of the feminine principle - most notably in the figure of Mary in Roman Catholicism. The future happiness and well-being of humanity will depend very largely upon whether the masculine and feminine principles can be brought into harmony.

So the story that is told in this book is very large-scale and ambitious. People are going to be excited by it, and to pick holes both in the detailed exegesis and in the large-scale plotting. For example, orthodox monotheists are going to point out that the Hebrew Bible is just as hard on Baal as it is on Astarte, and they will insist that God is not to be viewed as a mere personification of masculine sexuality. Spirit transcends biological male and female alike. And in any case, is it really being suggested that patriarchy is only about 3,000 years old?

THE MYTH OF THE GODDESS: EVOLUTION OF AN IMAGE
by Anne Baring and Jules Cashford
Viking £25, 779 pages

Baring and Cashford deplore the binary thinking that associates woman with nature and man with spirit, woman with emotion and man with reason. Woman with enclosure and man with erupting force and so forth. But their own story relies heavily upon the very sexist mythology from which it purports to deliver us. After all, why should woman be thought of as being closer to nature than man? Every culture is complex, and contains its own reversal of itself. In 19th-century literature, woman is just as likely to be viewed as being more spiritual than man as the reverse.

I suspect, then, that the authors of this book have not taken in the message of deconstruction, and that their argument may be less welcome to feminists than they expect. Nevertheless the Jungian style of thinking, when it is as well executed as in this book, remains highly stimulating, and the book cannot fail to arouse controversy.

But what are we to do? The authors know that it is a bit late in the day to revive the public worship of the Great Mother. We are exhorted to have a vision of the unity of all life. That sounds platitudinous without a new religion to give it force, and how can there be such a thing today?

Don Cupitt

After Conrad

When Gavin Young wearily of foreign hackery for the *Observer* he went on to produce two elegant and well-received travel books, *Slow Boats to China* and *Slow Boats to Hong Kong*.

His new, and equally acceptable, offering, *In Search of Conrad* (Hutchinson £17.99), takes his lifelong enthusiasm for the great novelist as an excuse to continue his peregrinations in the East.

His tale slips down very pleasantly, but a word of caution is required. Conrad's journeys as Master or First Mate in the 1870s and '80s have of course been the subject of several fine studies. Gavin Young sails from Djakarta to Sumatra, from Singapore to Bangkok, to Borneo, to the Makassar Strait, but he cannot really add anything of substance to

the biographies and certainly adds next to nothing to our understanding of the imaginative processes of the Polish-born genius.

It is also a shade disappointing that he does not extend his title by moving on to the heart of darkness itself (he used to know the Congo as a reporter), let alone the Venezuelan coast which Conrad glimpsed so briefly as inspiration for *Nostromo*. But it is not a book to deserve such a quibble. All is forgiven for his discovery of the 1900 review of *Lord Jim* in the *Singapore Free Press*: "Lord Jim is a story with a plot laid in Malaya, but 'Tuan Jim' is an impossible person who flings over his dusky beauty for an unattractive specimen of 'Poor White Trash'."

J.D.F. Jones

tion" was his driving force. He failed, but he did advance the process, building eventually a remarkable working relationship with Mrs Thatcher. He first made contact with her when she became leader of the Conservatives in opposition, believing then that she was the one politician who could move on the Irish problem, if only she would bend her mind to it. It took time, but it had its successes, together, even if they came to share almost a common understanding of the core of the problem: what they could not do was convince the Ulster Unionists that they were acting in good faith. If the Thatcher-Fitzgerald axis could not, one must reasonably ask, who can?

Dominick Coyle

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ARTS

The final fiesta

Patricia Morison on Mexico's cult of the dead

THE MEXICANS have a piquant expression for dying: "He threw away his trainers." But at least Mexican Catholics are consoled by the knowledge that once a year, the dead departed return to earth. Yesterday was the Feast of All Saints when *los angelitos*, the souls of children, returned to their families. Today is All Souls Day, when the bells will again ring out across Mexico. At midday the adult dead will float from the cemeteries back to their former homes, along paths strewn with the golden petals of marigolds. On family altars they will absorb the essences of *ofrendas*, offerings of incense, fruit, flowers, their favourite foods and belongings and, perhaps, if they are lucky, their trainers.

The *Skeleton at the Feast*, which opens today at London's Museum of Mankind, evokes the place occupied by the religious festival of *Todos Santos* in modern Mexican society. It is not in the least a grisly or gloomy show. *Todos Santos* is about feasting, dancing, letting off fireworks, and giving the quick and dead a good time.

Over the last five years, anthropologist Elizabeth Carmichael and Chloé Sayer have amassed a vast quantity of the cheap and cheerful, gaudy bric-a-brac which ordinary Mexicans buy for *Todos Santos*: pottery, toys, sugar skulls and lamb, fancy breads, and paper cut-outs.

There is an army of the famous papier mâché model skeletons, humorous characters shown in everyday situations such as shining shoes or playing tric-trac. Distinctly up-market are the magnificent pottery "Tree of Life" candelabras which are specially commissioned as collectors' items. They incorporate a mass of pottery birds, flowers and figures; my favourite shows a Hogarthian story of an unfaithful husband's speedy progress

from the altar to the grave.

Why is it that Mexican Catholics should feel quite so passionate about All Saints and All Souls? It only begs the question to observe, as many writers have done, that Mexicans display an unusually frank and even, some say, obsessive interest in death. The answer, not surprisingly, would seem to lie in the pre-Hispanic background of Aztec beliefs about death and regeneration. This fascinating but complex subject is well summarised in the excellent book by Sayers and Carmichael, *The Skeleton at the Feast* (British Museum Press £12.95, 160 pages).

Well was a notion that the Spanish conquerors brought to the Indians. Aztec religion certainly believed in the existence of an after-life; their poetry showed intense speculation as to the forms it took. But the various afterworlds awaiting the Aztecs were perfectly pleasant places. Warriors and women who died in childbirth went straight up to the celestial realm, and after four years, the warriors were reincarnated as hummingbirds.

In the late 16th century, a Dominican friar noted with gloom that the Indians had assimilated All Saints and All Souls to their own Feasts of the Dead - minus, of course, the human sacrifice which saw captives thrown on a fire, their hearts cut out, and their skulls stored on skull-racks. It caused the more thoughtful Spanish missionaries real intellectual difficulties to decide what could be retained of the Indians' past but also, which part of the Old World peasant "superstitions" they could in conscience allow the Indians to take on board. After all, in Europe, too, the pre-Christian idea of the dead returning to earth lingered on. In rural Greece still today, villagers feed their dead through tubes



in the graves.

In the end, it made no difference whether the bishops in Mexico approved or agreed on their strategies. Festivities in honour of the dead continued to have a markedly pre-Christian cast and provide an anthropologist's field-day. The paper banners and figures, the dancing, a large papier mâché skeleton swarming with brilliant birds and flowers, and above all, the brilliantly decorated sugar skulls, all point to a wonderfully optimistic Aztec view of what is to come.

Todos Santos is changing. The North American idea of Halloween is making its way into Mexico as, alas, it has in Britain during the last decade. With its plastic pumpkins, witches and plastic pumpkins have found their way on to the market stalls. In the exhibition, a re-creation of a

self-consciously "artistic" *ofrenda* suggests the way that Mexican intellectuals and artists now cultivate *Todos Santos* as part of their resistance to cultural swamping from the US. The government, too, is keenly interested in supporting a festivity which exalts the sensibility of the family.

Out in the villages, the competitive spirit has got in on the act as villages stage the equivalent of "Best Dressed Graves" competitions. And, of course, the element of tourist spectacle grows and grows. Not that there is any reason why the dead should object if they touch down to the sound of whirling cameras and rock-groups, dressed as skeletons, blasting away in the cemeteries. As this exhibition so well conveys, *Todos Santos* is still one hell of a fiesta.

Saleroom

All eyes on the Tremaines

THE SALE of modern paintings from the Tremaine Collection over the next two weeks promises to bring some life to an otherwise dull Fall season in the New York auction rooms. Eighteen works from the collection will be auctioned at Christie's next Tuesday (Nov 5), when they will provide the main focus among several days of Impressionist sales. The following week, a further seven items from the collection - including an important Jasper Johns - will feature in big Contemporary Art auctions. Between them the 25 pictures and sculptures are expected to realise about \$30m to \$40m.

That sum is modest enough, when one considers that at the height of the art-market boom in 1989-90 a single painting by Willem de Kooning fetched \$20.7m, one by Johns \$17.7m, and individual works by Renoir and Van Gogh soared to \$78.1m and \$82.5m, respectively. Three years ago Christie's sold \$14.7m paid at Christie's in London in 1989. The Tremaine picture is a witty composition of three monumental nude women improbably sipping tea in a decorative post-Cubist interior. It is a masterful version of the artist's one lot with an estimate of \$7m to \$9m. These were commissioned in 1972 by the banker, Gustave Arosa. Also in this section is an attractive study of a seated woman by Tullio Pericoli (1941 to \$5m), a rather sickly Renoir of the artist's son, Jean, (\$2.5m to \$3.5m), and a charming pastel by Mary Cassatt of her niece holding a dog (\$1.2m to \$1.6m).

beautiful oil of 1913 by Juan Gris, which is estimated at \$3m to \$4m. More decorative than the cubist Impressionist paintings of Braque and Picasso, the picture was once owned by the American collector, John Quinn. The Tremaine Mondrian, *Composition 1935-42*, is estimated at \$4m to \$6m, a modest cost for the great American collector's (their fortune was derived from sheet-metal and lighting-fixture), the Tremaines bought with great acumen and insight. Emily Hall Tremaine, whose father had the mines in Montana, began collecting as a young woman, but it was after her marriage in 1945 that the Tremaine Collection really took shape. At first, the couple bought work of established artists, but they soon turned to new American work.

The top lot of the collection is a large Fernand Léger, *Le Petit Déjeuner*, painted in 1921: it is estimated at \$8m to \$10m. The auction record for the artist is the \$14.7m paid at Christie's in London in 1989. The Tremaine picture is a witty composition of three monumental nude women improbably sipping tea in a decorative post-Cubist interior. It is a masterful version of the artist's one lot with an estimate of \$7m to \$9m. These were commissioned in 1972 by the banker, Gustave Arosa. Also in this section is an attractive study of a seated woman by Tullio Pericoli (1941 to \$5m), a rather sickly Renoir of the artist's son, Jean, (\$2.5m to \$3.5m), and a charming pastel by Mary Cassatt of her niece holding a dog (\$1.2m to \$1.6m).

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Almost as important is a

Homan Potterton previews the New York sales

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Sotheby's sale of Impressionist and Modern art in New York next week (Nov 6 and 7) will be the largest of the season. The highest figure is expected for a fine Sisley of one of the artist's favourite subjects, the river at Saint-Mammes. Painted in 1895, it is estimated at \$3m to \$4m. Pissarro is represented with three canvases at estimates of between \$1m and \$2m, and other highlights are a still-life by Fernand Léger that was commissioned by Whistler in 1898 (\$1.5m to \$2m); a Degas, *Danceuse*, of 1877 (\$1.5m to \$2m); a Berthe Morisot study of a young girl at a piano (\$1m); and an almost abstract pen-and-ink drawing by Van Gogh (\$1.75m to \$2.25m). It was just such a drawing, although a larger and finer example, which set a record when it sold at Christie's for over \$8m last year.

Of particular interest in the Sotheby's sale are several Surrealist works. This is a rather specialised market and, probably for that reason, prices have held up over the past year or two, when other, more popular artists have plummeted. Indeed, with going prices of about \$2m for a good Magritte, the Surrealists seem undervalued. Sotheby's have two Magrittes on offer next week. A headless nude torso of a woman poised above some metal pipes, *Le Buste Impossibile*, of 1936, is expected to fetch \$1m to \$1.5m, and a later canvas of two female nudes, dated 1943, is estimated at \$600,000 to \$800,000. A De Chirico townscape of 1913 that was once in the Museum of Modern Art, New York, is estimated at \$2.5m to \$3.5m.

Burrowing into the psyche

Clement Crisp enjoys a ballet encore

SIR KENNETH MacMillan's *The Burrow* was first seen at Covent Garden in January 1988. Inspired by a Kafka story about rabbits hiding in terror from hunters, its theme was claustrophobic fear. With memories of the Holocaust and wartime suffering still fresh, MacMillan's portrayal of a group of people mewed up in a cellar, tearing at each other's psyches, fearful of the inevitable knock at the door, had a terrible relevance, and was seen as a reflection of Ann Frank's story. Three decades later, revived for the Birmingham Royal Ballet, it has lost none of its impact, nor, alas, its relevance.

To say that the ballet has been revived is less than fair to MacMillan and his original designer, Nicholas Georgiadis. Both have re-created, rethought. The designs are new, and as powerful as the old in their oppressive, nightmarish view of an enclosed, degraded community. Memory suggests - and it is a tribute to the force of *The Burrow*'s imagery that after 30 years the dance's outlines still linger - that MacMillan has built upon the original skeleton of his creativity. He has re-worked ideas, but has respected his own earlier style. In certain instances the physical and emotional personalities remains strong. It was in *The Burrow* that MacMillan

first worked with Lynn Seymour, and in re-thinking her role as a Young Lover for Jessica Clarke, the line of Seymour's legs, the thrilling flow of her dancing, still shape the movement.

An added interest of *The Burrow* lies in seeing how MacMillan, early in his career, evolved a process and a language to probe the psyche. Here are the characters cornered by circumstance, like Romeo and Juliet, like Rudolf in *Mayerling*.

Here is choreography probing into personality, to reveal a woman driven to the edge of reason by fear and by the people that surround her; showing us the abominably resilient Joker finally brought face to face with his terror. And here, too, is the young choreographer whose musical sensibilities could extract so much from his score. *The Burrow* is set to Frank Martin's concerto for seven wind instruments and percussion. Its second movement proposes a pendulum-like pulse, and MacMillan uses this to shape the dance's outlines with an extraordinary inevitability and imaginative truth.

In a ballet about cumulative anxiety, MacMillan yet contrives variety - the innocence of two young lovers; a child's game; an old devil and the appalling Joker seen as adversaries - but the abiding impression is of terror which

touches every moment in every life. The blind racings across the stage; the fearful pauses; the sudden outbursts of despair and anger, are very well done by the present cast. Outstanding is Marion Tait as The Woman, a performance perfectly judged in its sense of nerves stretched to breaking point. Very good, too, Michael O'Hare as The Joker, hatefully ebullient until that last moment when his fear must be shown. But each role is clear, sharply drawn by MacMillan, sharply played by BRB's artists. This is a valuable revival - perhaps Peter Wright might now consider rescuing MacMillan's lyrically beautiful *Baiser de la fe* for us.

This new BRB programme, first seen on Thursday night, brought a re-staging of *Les Sylphides*, carefully mounted by Galina Samsova, and rather too carefully danced, though Miyako Yoshida was impeccably pure as the leading soloist, and Sandra Madgwick made something happy of the little waltz. Judy Tyrus and Ronald Perry, guests from the Dance Theatre of Harlem, tore through the *Concerto* duet. Mr Perry grandly pantherish, Miss Tyrus (despite a hideous turn), very charming. The closing *Five Tangos*, by Hans van Manen, strikes various unconvincing attitudes, and looks as if it were carved out of Edam cheese. After *Tango Argentino*, it makes no sense at all.



Renewed resonance: a scene from "The Burrow"

Alastair Muir

FILE ON 4. Radio 4's *Panorama*, dealt this week with euthanasia. Largely it was about Holland, where euthanasia is legal, but it began with two English cases. One was a woman whose husband, an ageing academic, was virtually helpless. She helped him to take a fatal dose of pills and fixed a plastic bag over his head. He was dead in half an hour. She reported that he had died while she was out of the room, and was never charged. The other was a football fan who, ever since the Hillsborough disaster, has been kept alive in a vegetable state only by a feeding-tube. To hold up over the past year or two, when other, more popular artists have plummeted. Indeed, with going prices of about \$2m for a good Magritte, the Surrealists seem undervalued. Sotheby's have two Magrittes on offer next week. A headless nude torso of a woman poised above some metal pipes, *Le Buste Impossibile*, of 1936, is expected to fetch \$1m to \$1.5m, and a later canvas of two female nudes, dated 1943, is estimated at \$600,000 to \$800,000. A De Chirico townscape of 1913 that was once in the Museum of Modern Art, New York, is estimated at \$2.5m to \$3.5m.

Radio
A matter of life or death

for euthanasia were made there last year, 35 per cent of them were accepted. For doctors the question is ethical as well as legal. There is the "slippery slope" where lives are "not worth saving". The feature was neutral.

Wonderlandscapes, six comic elaborations of the life and times of C.L. Dodgson, alias Lewis Carroll, assembled by Michael Bakewell, is on Radio 4 at morning-coffee time on Wednesdays. To the actual extracts is added what Carroll made of them in his comic writing. (Suitably, Alan Bennett is Carroll while David Collings is Dodgson, the same man.) A simple example: after a report on Carroll's "dull" Euclid lectures, Alice (Charlotte Coleman) is asked, "Can you do addition? What are one and one and one and one and one and one and one?" For me, the best part of this first programme was Carroll's trip to Moscow. "Twice brilliant" was a sort of dog-Russian. Rosemary Hart directs.

On Hallowe'en, Radio 5 gave us, complete, the presentation by Orson Welles of H.G. Wells' *The War of the Worlds* that so scared the Americans on Hallowe'en of 1938. It was updated, with aircraft instead of ships, and moved from Surrey to New Jersey and New York. It didn't include the horrid bit about the crate eaten by the Martians, but it was a fine run of mock-realism. The Martians ended with only a few decrepit fighting machines, birds tearing at the flesh of their crews, killed by terrestrial bacteria. It went out after 9pm, so any young people frightened must blame themselves.

The Japan Season on Radio 3 ended on Friday with *Exile*, a brief play that was also a demonstration of Noh. Zeami, the

great Noh master, was sent to a deserted island in 1435, when, aged 72, he angered the Shogun by choosing the wrong successor for his company. His play *Shunkan* was about a master and a pupil, like *Exile*, by Iim Poh Shim, combines the two cases - Robert Edmondson is both Zeami and Shunkan on the island. He would be the *shite*, the main player, on the stage. Andrew Witcomb as Zeami's son Motomasa, is the *wake*, and relates the misfortunes of his generation. Nicky Henson is the Chorus, partly commentator.

The play is written in the style of Zeami, with introduction, development and climax (in, he and *Exile* as they were called), and convincing Noh-style dialogue; but radio could not include the songs and dances where they should be, so they were not included at all, nor the music. But the Noh actor, Naohiko Uemura, chanted some of Zeami's lines to show us how they sounded. Even after the opening talk, I reckon that listeners with no initial idea of Noh would not have learned much from *Exile*, but it is made them want to see the real thing, that was well worth doing. The director was Piers Plowright.

B.A Young

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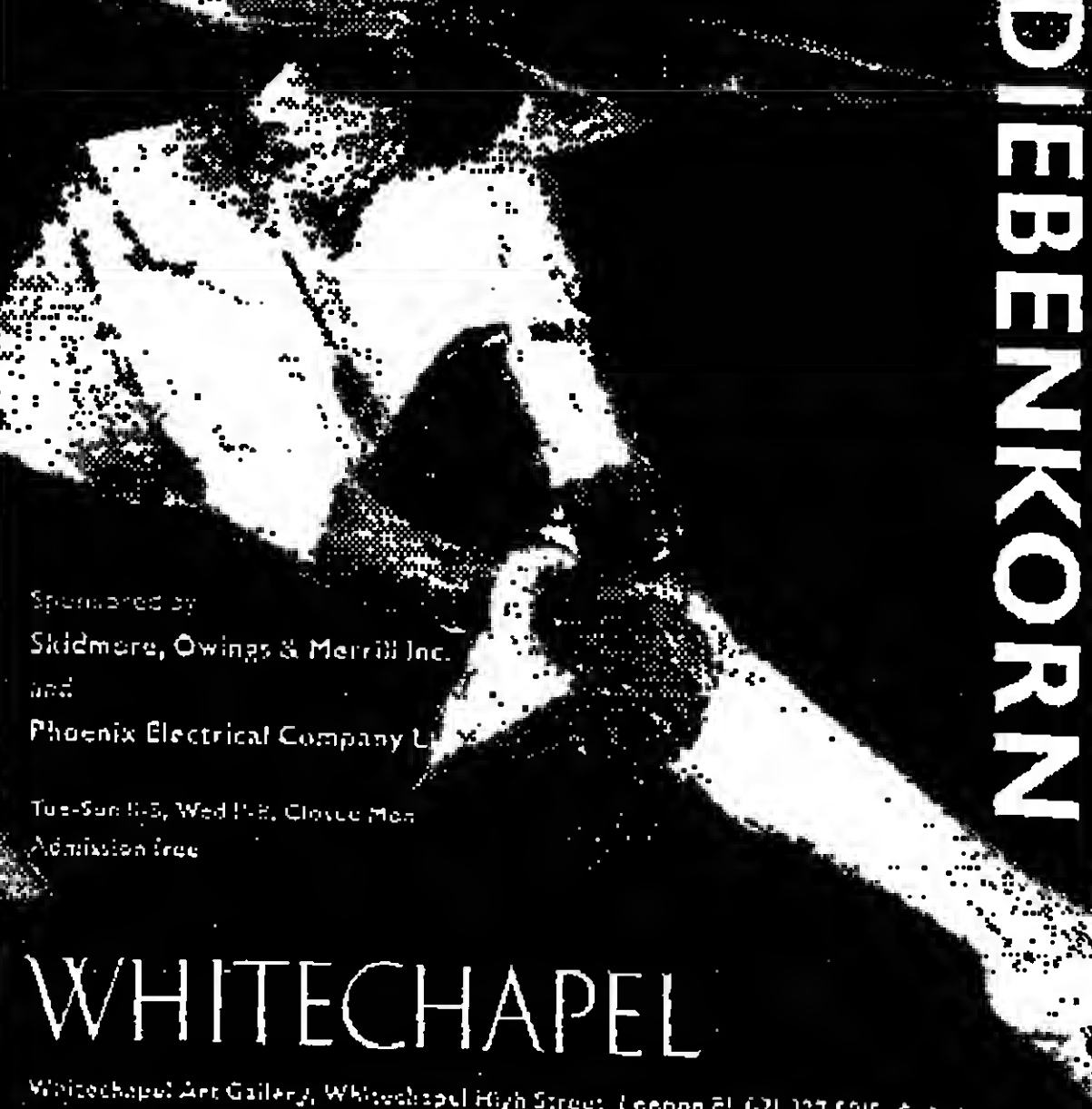
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XXIV WEEKEND FT



THE PRINCESS OF Wales, we are probably unrelentingly informed by the newspapers, is not amused. In case you read only the *Financial Times*, a newspaper with a slightly old-fashioned reluctance to discuss the affairs of the Royal Family, I had better explain.

On the tour of Canada by the Prince and Princess of Wales, the lovely Diana was assigned her usual round of visits to the sick and dying: this is a person who never seems to suffer from compassion fatigue, even when jet-lagged. At one of the hospitals on the tour, the Heart Institute at the University of Ottawa, the Princess was filmed looking, as ever, wide-eyed

Princess Diana sees the sick side of life

Dominic Lawson finds a clue to royal reality in the strange case of the healthy Canadians

with genuine sympathy and concern, as she spoke to and sometimes touched the patients. Then a funny thing happened: immediately after the Princess and her entourage left to move on to the next clinic, hospital or hospice, all the patients in the Ottawa Heart Ward got out of bed, dressed and went home. A modern miracle? Did the beautiful Princess tell our crippled colonial cousins: "Pick up thy bed and walk"? Unfortunately, no. The ward was so new that it did not have any patients. The Canadians under the bedclothes were perfectly

fit, albeit former patients of another ward within the same hospital. Of one of the "patients" the *Daily Mail* reported: "Within minutes of the Princess's departure, salesman Dick Kemp, 67, leapt out of bed and pulled on a grey business suit and set off back to work."

This sent the more experienced Royal Family watchers into their cuttings-book, to recall the time when the management of Corby steelworks, preparing for a visit from the Queen, took out the existing lavatory and replaced its plastic seat with one inlaid with moth-

er-of-pearl; or the time when a Newcastle council estate tidied up its front gardens ahead of a visit by the Princess Royal, but forgot the back, which naturally and embarrassingly the Princess asked to see. These incidents are judged less heinous than the affair of the Ottawa clinic here, it is claimed, the Royal Family have been made an unwitting party to some sort of trick, and, as a result, journalists - heaven help us - were duped into portraying a fiction as a fact. But I am not convinced that the deception practised on our wonder-

ful future queen was so much worse than the standard run or artifice which follows the Royal Family wherever it goes. Normally, I do not bow to people. I would bow to a member of the Royal Family, unless asked not to. I would also walk out of a room backwards from such a meeting, although it is not my normal custom so to do. You could argue that these are merely formal marks of respect, not abnormal at all. But I can think of few people who would behave normally in any sense of the word if suddenly thrust into the company of

the Prince and Princess of Wales, or the Queen and her consort. These two couples must constantly be encountering - even at the dinner-table - apparently intelligent men smiling maniacally like idiots, normally reserved wives laughing hysterically at the merest whiff of humour, in rooms smelling so much of Oulux that the normal aroma of food and drink is completely obliterated.

I am certain the former Lady Diana Spencer, having spent a number of years sharing a flat in south London with a number of

other girls of non-royal blood, realises that almost everything she sees in her role as the wife of the future King of England is tainted with oddity, artifice and make-belief. I am not so sure about her husband, on whom the enveloping oddness seems to have rubbed off.

And I am not as sure as some writers that the Princess of Wales will be so angry at the little trick played on her in Canada. To spend much of one's time visiting only people with terrible diseases, such as AIDS or leprosy, is by no stretch of the imagination normal. These are people at the extremes of human experience. The healthy Canadians beneath the fresh linen sheets in the Ottawa Heart Ward were probably the most normal the Princess will see on her tour.

Dominic Lawson is editor of The Spectator.

IN THAT flock of the famous Arthur Miller is a rare bird, he is impressive at any distance. It is not just his physical height or the height of his reputation that make people look up to him but his very uncommon ordinariness. When you meet Arthur Miller you meet the man, not the famous writer.

At 76, lean and leathery as a cowboy, Miller shows one symptom only of old age; he has forgotten to look at the calendar. He is still writing, still risking his literary neck. I asked why.

"It's another challenge. It just keeps me alive. It makes me feel, it puts me on the edge again, you know, I don't have to work to support myself but I do have to work to keep reorganising the world as I see it."

"Basically I think I'm writing because I feel I've found some principle of order which is very inviting to me, a principle of order for my own emotions and for my own observations about life."

His new play, *The Ride Down Mount Morgan*, had its world premiere in London on Thursday. Almost ten years in the writing, it is a comedy on the topic of the death of a miser's selfish dilemma. (Bigamy may be a sort of joke but it's a joke that can kill you, Miller said.)

The protagonist, Lyman Felt - "the toughest thing I've ever written, for the actor" - is, unlike his precursor Willy Loman, a successful insurance salesman who demonstrates that a man can be loyal to himself or to others, but not to both, "at least not happily."

I asked: Do you feel you, too, have had to live at the expense of others? "Always. Sure, sure. There is an inevitable dialectic going on. You pull this way and you draw something out of the opposing side, sure. This thing will never end. There's no neat solution to it."

It is tempting to see in *Mount Morgan* another working out of Miller's own guilt for the failure of his first marriage and the tragic failure of his second, to the supremely desirable but self-destructive Marilyn Monroe. Lyman Felt chose to keep both wives, I said. You had to divorce one in order to marry the second.

"Well, I'm pretty remote from this situation in the play, but I think the fact of the matter is, I have to write about it. It's not a question of application to me, I wouldn't be able to write the damn thing. But in point of fact, he's a different man than I am."

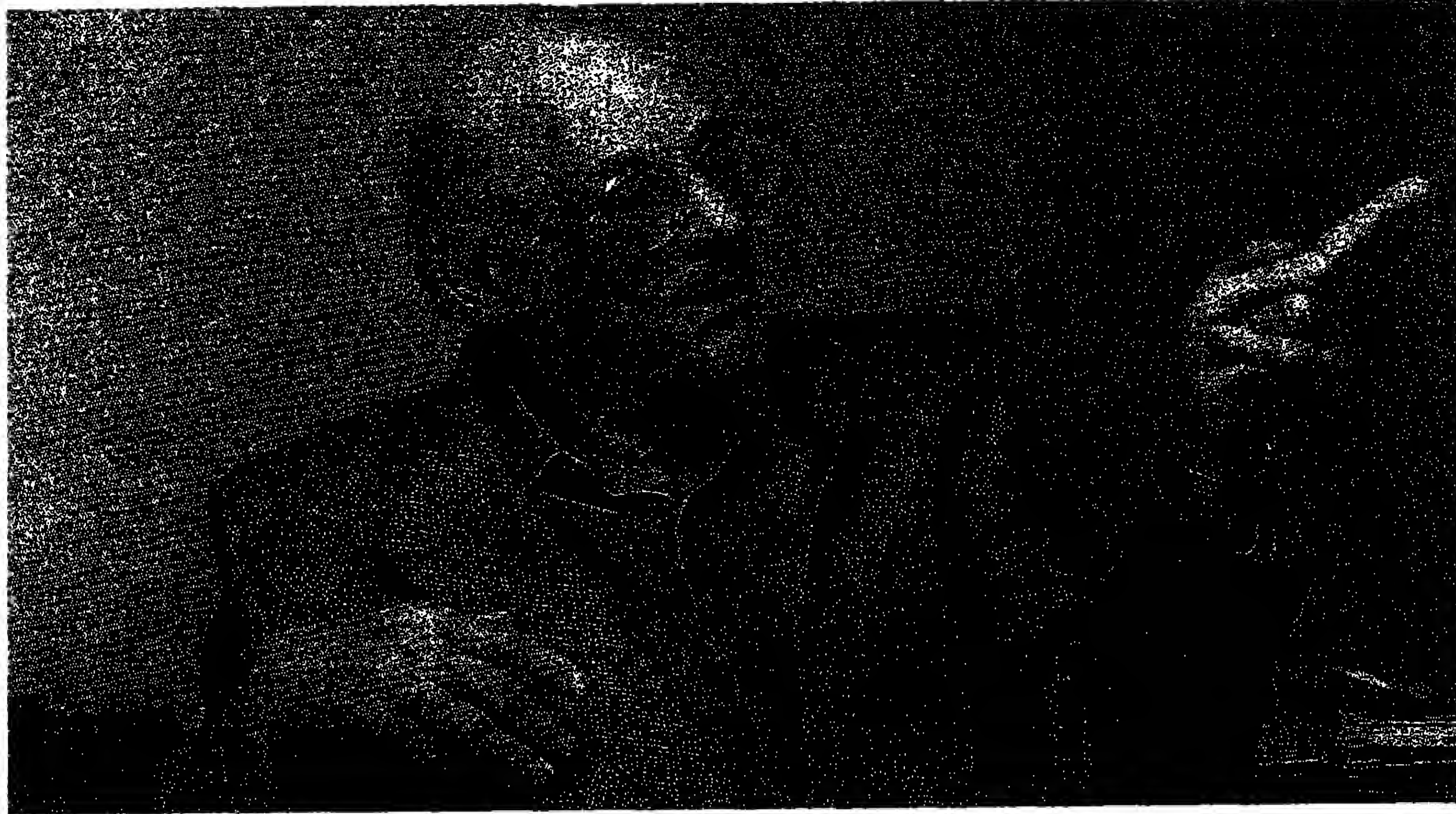
Miller sat with his long legs out, reciting in husky Brooklyn drawl the choicest lines from the play to illustrate its paradoxes. His arms are as long as an orang-utan's; his big hands are not the soft paws of the pen-pusher but belong to a farmer or a workman. When he is not writing, he is a carpenter who makes furniture for his house in Roxbury, Connecticut. Making real things is his relief from shaping abstractions.

"Some of them are pretty nice and I do stuff around the house. We the means his wife nearly 30 years the Austrian-born photographer Inge Morath live out in the country and we have this house that's always needing some kind of repairs."

Miller won prizes for his plays while still a poor college student. The younger son of a Polish-Jewish garment manufacturer in New York, almost ruined in the Depression, Miller was a loner, not without a streak of arrogance, who was determined to succeed. He was drawn by the sheer exuberance of the New York theatre. But not only that.

"I've often thought that real playwrights have a deformation of the head. You see things in terms of confrontational scenes, rather than novel-writers who see things in terms of long paragraphs and descriptive writing. See, I love the fact that with one line, I can just penetrate a crowd of people. It's magical." Miller stabbed a long finger into an imaginary audience.

"You can do that if you create a structure that's intense enough. Like in this play, when Lyman asks Tom the lawyer about the problem of



Private View

The people's playwright

reaching the truth and Tom says: 'Maybe all one can do is hope to end up with the right regrets.'

"And I can see what happens to the audience when he says that. They all go 'Whooosh!' Some of them are squirming. Some of them are ready to applaud. You know that recognition, that moment of recognition, is priceless." He grinned like a happy urchin. You were pretty competitive?

"Very."

Are you still competitive? "Not really that way, anymore. I'm competing with myself more than anything else. Not that there aren't playwrights as good or better than I am. But, you know, after a while you realise... You launch certain boats and they sink. You launch others and they continue floating. Well, it's not always up to you. It depends on the magic of the connection with the zeitgeist."

But you were determined to be famous, or successful? "I was determined to be the best playwright there ever was. It's as simple as that."

Are you surprised that you turned out as well as you did? "Well, I often feel that I should go back and write all the plays I didn't write. Because I haven't written that many. I tell you, I don't often feel all that successful. I feel that the next one is really going to be terrific."

Are you a contented man? "More than I've ever been in my life. Partly because of the work and partly because... I tell you, I guess I can tolerate more. I've said it before, but I see the repetitiveness, the presumptuousness of man. It just stuns you sometimes to see the same thing happening again and again."

Still looking for the raw-nerved writer inside this affable, lanky American, I asked: Is there still an unsatisfied bit of you inside? "Oh, yeah, I'd love to write a really great play!"

What would it be about? "He didn't answer directly: 'You see, my whole drift has been toward trying to create a play which in one and the same moment delivers up a human being and a society. I've tried to do in so many different ways, some-

times emphasising the human being more than the society, sometimes the society more than the human being. Because I really do believe that we are created as much as we create."

Is your autobiography you say that a play is a love letter to the world, which is a nice phrase. What does it really mean? "I meant by that, I think, that I can't write a sustained work where my feeling for the people is not positive. Even when they're negative characters. For me to write the play, I have to love them somehow."

Were you lonely most of your life? "Yeah, well, I still am a lot of the time."

And do you have enemies? "Plenty. Oh, yes."

Of your choosing, or their choosing? "Of their choosing."

"Oh, no, of their choosing. I don't want anybody to hate me. But there are plenty, sure. They think my work is stuff-and-nonsense and they do everything they can to knock it down."

Whatever you think of his plays, Miller in person conveys an unusual authority. Perhaps it is because he does not regard himself as an intellectual or spend money as they do his regard for the humble people who toil at the base of society's pyramid; or because you remember his courage in defying the Congressional witch-hunt of left-wing artists in the Fifties.

What does Miller make of the plaudits he now receives and the do Republican right-wingers who would have hounded him 36 years ago? "What they're doing is purely public relations." He described a recent award ceremony. "Reagan was present, and I must say I enjoyed his being there. He's very amusing, you know, in a crazy way. But he probably knew nothing about what I write or anything else. They figure, well,

it's time to honour Arthur Miller, and Reagan figured oh, yeah, yeah, he was married to Marilyn Monroe, yeah, I know him."

Miller's political anger has been dulled by the blurring of the meaning of Left and Right, the final discrediting of the socialist Utopia. Asked if he was still a left-winger, he replied: "I don't know where the outlines of this thing are any more."

Perhaps you never wanted to be seen as a left-winger in your writing. "I never was. The truth of the matter is that what I was dealing with was not problems but people. And that's one of the reasons I think that those plays can still be done and seem contemporary."

In spite of his sense of *deja vu*, Miller says he believes in progress - he cited the control of racism and the

funny or tragic or whatever."

You might ask instead if the theatre is redundant, I said.

"I've asked myself that question many times. But I've had the experience of my plays being produced in all kinds of cultures simultaneously. I've got a play now running in Ireland, another one in Italy, another one in Russia. If they can all respond to the same thing, then I have a right to say there's one humanity. Politically, obviously, it isn't so. But maybe, ultimately, it can be so."

I asked Miller about his mortality. Are you conscious of having balanced your account? "I don't think in those terms. I think... I've asked myself, 'See, I am in those plays. It's a curious thing to say, but I am there more than I am anywhere else. And if they're accepted or rejected, then I am accepted or rejected.'"

"I've seen so many writers who were thought to be permanent fixtures. Their names are simply gone in a generation. And I'm sure that this is going to happen to me."

Don't you want to get down on your knees and ask God to make sure you don't disappear? "Yeah, sure. One of the biggest impulses in a long career of writing is to secure a place - right? - on the mountain. But the theatre exhausts its fodder. Suddenly nobody wants to hear that name anymore. It's a thing of fashion, too. It's like clothing. People put it on, take it off. I'm quite amazed sometimes that I've lasted this long."

I asked whether he would feel uncompleted if he died tomorrow. "I'd feel that I would be missing a lot."

The character in this play says at one point: 'I know what's wrong with me. I could never stand still for Death... you've got to stand there, nobly and serene and let Death run his tape out your arms and around your belly and up your crutch until he's got you fixed for that last black suit. And I can't, I won't.' I nodded.

"And I feel that way."

Miller's new play, world premiere review, Page XXII

Diary of a somebody

Nigel Spivey

ONE HAS to feel sorry for the people of erstwhile East Berlin. They have been launched into a market economy, but they have barely anything to sell. Some try to convince you that their cars are collectors' items. Others peddle chunks of masonry, and the pathetic memorabilia of the Cold War musketeers.

I went to gawp at the Brandenburg Gate, and found myself in an improvised flea market. Out of pity I stopped and looked over some domestic relics which one desperate East Berliner had laid out, with touching reverence, upon a Red Army blanket. Among the junk there was a battered leather attaché case, which looked as though it could be salvaged for some use. I bought it, and left it to see further in a corner of my study. But I have now had it stitched up again; and I find that I have more than I bargained for.

The case came back from its repairs with an envelope, containing some papers which, apparently, had been tucked at the bottom of an inside pocket. They are crumpled scraps: sundry bills for a Hotel Alton, dated to June 1941; and two pages torn from a diary or notebook, which look to be of similar date as the hotel bills.

Now these are only scraps. And I can tell you straight away that they are not the Hitler Diaries. Nonetheless, they constitute a historical document. Here, for the first time, is a published transcription.

I say, I feel we may make something out of Klaus Klaus is a queer old bird, absolutely as rummy as they come, but he turned up trumps this morning. Blow me if the old egg didn't rustle up a sausage. A positive and distinct sausage, delivered in the middle of a plate with all the gravity of an analytical chemist about three equations away from the Nobel Prize.

"Klaus, I said, 'you're a scout. What are you, laddie? A scout? You saw a chap was peckish, and you rustled up a sausage. I call that top-hole, in times when the trough looks decidedly low.'"

"Dashed difficult to get a flicker of mirth from old Klaus. Klaus, you might say, has a particularly bad case of the pips. When it comes to browsing and slugging, Klaus is a slugging mops it up in the kitchens, then spends the rest of the day brooding about some piece of shrapnel he picked up in Pusschendorf, which keeps sliding about in his gizzards. But full marks to Klaus for that sausage. If ever a fellow needed extra fortification, today was the day."

Today has been marked by a deafening rattle of top brass. "The blighters in the top brass always put a chap in an awkward spot. They come hooting along in full livery,

snap their flinty heels, and whack out an arm like the billy New York traffic police. A chap finds it jolly tricky to shake a paw when the other chap's arm is up stopping traffic."

"So he vaguely scratches a point just behind his right ear, wondering the while if this manoeuvre passes for politeness in the handbooks of Prussian etiquette. Then they open the thorax to full throttle with devotions to their Phew-rah, while a chap clutches for some handle on their sobriquet. Not the sort of fellows with whom a chap exchanges a bit of badinage to restore his natural equanimity. Who was the blighter this morning? Von Woodentop? Von Rubberneck? Dashed if I remember."

"Only sort of cove, but I daresay he's kind to animals and all that, which is more than you can say for Harry Gerblis."

"The Gerblis chappie fair does give a fellow the pips. Looks you over as he might inspect some lower form of pond life. Jaws like a bishop, talking the most frightful tosh. And laughs like a man who was a strict diet of broken bottles from his earliest infancy."

He has asked a fellow to stagger over to a studio and say a word or two about life in an Upper Silesian lunatic asylum. Seems a bit ripe, putting a chap in the jug for four months and then asking him to crack jokes about it on the air, eh? Can't say it's the sunniest proposition. But then what's the word, unconfined? among these Nasties. When you see them legging it up and down the streets, you get a powerful urge to administer the raspberry. But the thing with this Klaus, who is I mean, is that even if he, personally, does not sandpaper the cheeks of anyone caught blowing a raspberry in his direction, then he gives a dashed good impression of a fellow who would. He has the air of a chap who knows perfectly well how to butter another chap across the pavement."

"There are times when a chap needs to summon the old Agincourt spirit, and go galloping through the orchard. And there are times when the breach simply falls to beakon."

"When a chap stares down a muzzle and bites the old bullet. This is a case, as they say on the Riviera, of force majeure."

(The manuscript ends here.) As I say, these are not the Hitler Diaries. They may indeed carry no historical importance at all. But I publish the scraps, such as they are, in the faith that someone will be able to throw a little light on their author. Toadie-pip!

Where are London restaurants so expensive? Empty tables tell them that the recession is keeping customers at home. Yet many still behave as if they had been granted a special dispensation from the price mechanism.

No doubt we would all drive Rolls Royces, eat lobster and drink first growth Claret if price were no constraint. But in the real world we turn from things which are too expensive to those we can afford. Restaurateurs seem not to understand this. Take a recent recent radio commercial on Jazz FM, for example. It waxed lyrical about the restaurant's "inventive" cooking, the warmth of its welcome and its ambience: but of its prices, not a word.

Is this typical British reserve, a reluctance to talk about "sordid cash", or a failure to learn from the experience of restaurants and hotels in many other countries: that discounts can be good for business.

Many London establishments head the international price league and show no sign of relinquishing this dubious title, despite being badly buffeted in the first half of 1991. The late, long hot summer undid the small recovery many

Waiter! there's a '0' on my bill

Nicholas Lander says London restaurants need a sharp lesson in economics

experienced in May and June. But where now are the inducements to go out and eat? Not in my in-tray.

The Savoy Group, which reported a first half loss of £874,000 despite an average room rate of £206, decided not to lower its prices, although occupancy was down from 72 per cent to 53 per cent. Instead, it offered a limousine to meet you at the airport and free golf at Wentworth. Compare this with the reaction of a top hotel in Houston, Texas, to a sharp reduction in trade: it offered a room rate equal to the numerical value of the day of the month. Book in on the second of the month and a room cost you \$2 a night - delay your visit until the 30th and you paid \$30. The logic is simple: the marginal cost of filling an empty bed is very small, and any guest on the premises is better than none. It is not too late for a far-sighted hotelier to offer a similar deal for the traditionally quiet months of January, February and

March 1992.

Nor do you not have to be a "parvenu" to make such offers. This summer has been one of the worst ever on the Côte d'Azur with custom down between 30 and 50 per cent. There, however, the hotels were blatant about inducements, discounting room rates, to pull in guests who would spend money in their bars, restaurants and casinos.

In Sydney, Australia, where the cooling can be every bit as good as London's and the recession has been worse, a well known restaurant on the Circular Quay, which opened when the economy was booming, offered lunch at \$12 and free dessert while you watched the ferries come and go. The top restaurants, even in the most expensive hotels, are busy in the evening with petits fours and coffee thrown in free and with prices very much reduced to the £15 to £20 bracket.

In Manhattan, the aftermath of Black Monday closed many restau-

rants. One that did not, and now boasts higher volume, profits and customer satisfaction is the Union Street Café. Its owner, Danny Meyer, greeted his first, excellent reviews in 1988 by lowering prices, a policy he has pursued vigorously.

With the bill, every customer receives a small card on which to express satisfaction, or not, and the opportunity to receive the restaurant's quarterly newsletter aimed at turning first-time customers into regulars.

Nothing like this is happening in London. A recent dinner in a top London restaurant proved this point in a costly fashion. The menu baldly stated that there was a minimum charge of over £40 per person. When we arrived at 9.00pm it was busy, but only four customers came in after us. There was no discount for meals after 10.00pm, for example, which would allow the restaurant to turn tables, maximise revenue, pay the rent more easily, win

new customers and reduce costs per head.

This insensitivity to the importance of price may lead many hoteliers and restaurateurs to miss the changes that are affecting their customers. Once the recession is over, hotel suites and grill rooms may be full. But corporate costs will still be strictly controlled and any financial director, in New York, Frankfurt or Tokyo, will need a lot of convincing that a "free" limousine from the airport and an hotel bill of more than £200 a night, is as cheap as a £230 tube fare and a comfortable room at £100 per night.

The continuing high level of unemployment will also be important. As companies are forced to shed staff, they will be wary of anything that could be misconstrued as lavish entertaining. In November 1990 one leading hotel told me that a large public company had just cancelled its three Christmas dinners, each for 500 guests,



because it was aware of the redundancies it would have to make in 1991. It has not rebounded this year. Nor are the British yet a nation of restaurant-goers in the way the French, Italians and the Spaniards are. While the recession in Europe has forced frequent restaurant-goers down market - the competitive, busy price range in Paris is now £18

for lunch and £25 for dinner including service - in the UK, many have just dropped what was a newly found habit. The saddest restaurant casualties of this recession are not in the West End nor the City but in the suburbs and outside London where neighbourhood restaurants, dependent on customers paying with their own money, have seen trade evaporate.

As the tables of corporate credit card holders and "yuppies" have disappeared, they have not been replaced. Those who have benefited from the recent high interest rates, with their mortgage paid and their children fully educated, tend to be from a generation who look on a meal in a restaurant as a luxury. They will still eat out occasionally but otherwise will eat well at home with a good bottle of wine - possibly why local wine merchants have weathered the recession better than many restaurants.

"Value for money" is the current phrase which chefs and managers are using, but it is a maxim that is still not being applied stringently enough. Affordable prices, the bottom, all inclusive, reasonable figures on the bill, are needed to stimulate demand and lead us back into restaurants and hotel dining rooms.